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INTRABLOC

Hungarian Press Reports On Romanian Program To Liquidate Villages

Seven Thousand Villages To Be Razed
25000202 Budapest HETI VILAGGAZDASAG in Hungarian 14 May 88 p 10

[Text]

The Romanian Village Liquidation Program

By the year 2000 a comprehensive program for the rearrangement of the structure of settlements will be implemented in Romania. In the course of this program half the number of existing villages would be liquidated and more than 500 so-called agrarian industrial centers would be established, head of state and CPR Secretary General Nicolae Ceausescu announced 29 April to the RCP political executive committee. In the course of the three-phase rearrangement plan 7,000 of the 13,000 Romanian villages would be razed, complete with their churches and cemeteries, and agricultural work pursued in their place. A detailed program for the rearrangement will be worked out by a newly organized committee, headed by Constantin Dascalescu, the government's president. The plan calls for the establishment of several agricultural-industrial centers in every county, in which block buildings would house the inhabitants of the villages to be razed. Already a 1976 Romanian decree having the force of law establishes conditions for residence and settlement in cities. At that time 14 large cities in Romania, including Arad, Brasso, Braila, Bucharest, Craiova, Galati, Kolozsvar, Constanza, Iasi, Pitesti, Ploiesti, Szeben, Temesvar and Marosvasarhely were designated. According to the decree settlement in these cities is conditioned by the settlers official transfer or by work assignment to one of the economic units of the large cities by virtue of the settler's education. In addition, young persons moving to their parents or parents moving to their children are also authorized to relocate, and so are career and noncommissioned officers within one year from their having been placed into reserve status.

Unconstitutionality of Program Cited
25000202 Budapest MAGYARORSZAG in Hungarian No 22, 1988 p 4

[Article by Miklos Ritecz: "Romania: The Relocation of Villages—Modernization in Three Phases—Constitutional Issues"]

[Text] The shining future, which will also be characterized among other matters by the disappearance of essential differences between villages and cities, will be realized by the millennium, so we learn from past statements of leaders in Bucharest. Namely in Romania, by the year 2000 the already developed program to transform the

structure of settlements will be implemented. This program, at least according to plans, would reduce by half the number of villages, projects the merger of a few hundred villages, and would condense the populations of tiny villages into so-called agrarian industrial centers. All this is done in the spirit of increased efficiency.

The Program of Discontinuation

The concept most recently detailed by Nicolae Ceausescu at the RCP Executive Committee session is not new. It was said already at the latest party congress that residential construction in villages must be organized pursuant to certain prototype plans, because abiding by such plans would increase the residents' standard of living. And then, they set a deadline at last December's party conference. At that time they announced that by the millennium the "modernization" project would be complete. But what are the specifics of this matter? It seems that the discontinuation of villages will become a continuation of a program termed grandiose by Bucharest, which began with the reorganization of the capital city. One should know that by the end of this decade—within two years or so—Bucharest must turn into a modern metropolis. As the party secretary general explained: "The city's dignity must reflect the era of great revolutionary achievement, thus manifesting the creative force of a completely free people that has become the master of its own fate, and builds its socialist life according to its own will."

In the absence of public opinion research, one cannot tell what the population really thinks about this kind of construction, and about the establishment of a city center which will consist mostly of state institutions, the Palace of the Republic and other similar huge structures. The people of Bucharest were probably happy about the construction of apartments and blocks of apartment buildings, and they were not less happy about the construction of a metro. And the pride of the people of Bucharest is obviously increased by the fact that by 1990, when the approximately 100 kilometers long Bucharest-Danube canal is complete, the city will become a seaport. It is no coincidence then that these "achievements" are so frequently brought up in various statements. Very little is heard of the victims of urbanization policies, however. Because as a result of reconstruction, what is old had to be done away with. Disappearing historic landmarks had to yield to ambitious endeavors. The Vienna KURIER the other day termed the process a "bulldozer policy" implemented in the name of urbanization, including the liquidation of villages which by now have become the repository of tradition.

Quite naturally, they are talking about modernization in Bucharest, and they envision the process in three phases. By 1990 the first phase of organizing the rearrangement of villages must be complete, Ceausescu stressed in March. Accordingly, March 1990 is the deadline for preparing plans for the rearrangement, since any and all

construction start must follow these plans exclusively. There are about 900 large municipalities in Romania, each having less than 3,000 inhabitants. Thus the measure will primarily impact upon these large municipalities, in addition to the tiny villages, of course. The plan calls for the establishment of settlements with at least 3,000 inhabitants each, and that there should be no more than 2,000 such settlements. At the same time the number of villages will be radically reduced, from the present number of 13,000 to about 5,000 or 6,000. (In this context the matter obviously pertains to the disappearance of smaller settlements.)

But the planned three-phase rearrangement (1990-1995-2000) will affect the lives of many in the near future. City people working in the villages will have to surrender their present residence already this year, and will have to move to the area where their workplace is. According to applicable law, this applies to physicians, engineers, as well as to teachers, moreover, there are signs which indicate that these legal provisions are particularly aimed at these occupations. What happens thereafter is not known: say, if they move to a village which is slated to be done away with in the future. Ceausescu did not address this issue. The RCP secretary general did mention however, that residential construction for those moving to the countryside must begin now, and that those residences must be complete by next year, at the latest. But even before completing those residences the Bucharest leadership envisions conditions for the move to the countryside as assured, and this means that they will make contingency arrangements for the settlement of the deported intelligentsia. "Proper agricultural leadership, health care provision or education cannot exist if those involved in such occupations do not reside in the villages, among the citizens, with whom they must jointly develop the municipality and construct socialism," the party leader emphasized.

Construction Ban

The designated primary goal is to establish agricultural industrial centers or cities within 558 agricultural districts, with each center or city surrounded by 3 villages. Plans call for the establishment of 2-3 such centers per county by the end of this decade. Construction of the 558 city centers would be complete by the year 2000.

The goal of rearranging the structure of settlement was stated in general terms by the RCP secretary general at the national conference of the chairmen of people's councils. In addition to doing away with essential differences between cities and villages, thus narrowing the standard of living gap between the two types of settlements, "society is becoming homogenized with increasing force, the image of a unified working people is taking shape, a people consciously building its own free future...." In response the Vienna daily KURIER states that by razing 8,000 villages and by converting their place into arable land strikes primarily and mostly the

nationalities residing in such settlements, thus accelerating their assimilation, and making disappear their anxiously guarded traditions, and architectural and cultural landmarks.

In the coming months a committee headed by head of state Dascalescu will submit a proposal concerning the implementation of the plan. In any event, already at the late April meeting of the Political Executive Committee several specific ideas were advanced in regards to the razing of villages. Secretary General Ceausescu urged determined action with respect to the implementation of the measures. According to his statements the villages to be razed, alternatively those to be left standing must be designated already at this point. New construction may be initiated only in those villages which are slated to be left standing. "This, of course, requires a longer period of time, and we should not force these matters," the party leader stated. As a result he deemed it satisfactory if the outlines of agrarian industrial city centers emerge only by 1995—centers in which conditions similar to those in cities are provided to workers "whose endeavors and interests are identical: to live freely, pursuant to their will."

Nevertheless it is hard to imagine just how the descendants of a population which has lived in those villages for centuries—irrespective of whether those are Romanians or of the nationalities—would gladly, by their own will surrender their previous lifestyles, leaving behind their traditions, homes and folk culture. But it is apparent that the Bucharest leadership did not have this in mind at all when it prepared the plans. As Erno Lupan wrote in the February issue of the Hungarian language periodical KORUNK concerning the system of government administration: "constitutional prescriptions leave no doubt that any kind of change in the [character of the] area made in disregard of the will of the people violates the sovereignty of those people, moreover—in a different respect—it also contradicts the principles and standards of international law."

Nationality Conditions

The above-mentioned study also reveals that today's system of Romanian government administration is based on villages, cities and counties. This structure was recommended at the national party conference of December 1967 and became law in February 1968. In the framework of changes made at the time, the nationality conditions of the various areas, among other matters, was considered an important principle. One wonders how heavily nationality considerations weigh as part of the present conception of rearrangement, insofar as that conception pertains to the rearrangement of the structure of settlements.

The fact that the FGR government reminded Bucharest that Bonn would view any "village plan" measures which adversely affect the German population of Romania not as the internal affair of Romania, but as factors

which violate the spirit of the Helsinki closing document represents a one of a kind expression of opinion. An FGR foreign ministry spokesman announced that his country attaches great significance to the ability of the German minority residing in the Romanian Socialist Republic to preserve its cultural heritage. Bonn reserves the right to take further steps in the event that the rights of the German minority are infringed upon.

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Transylvanian Refugees Relate Intolerable Conditions for Minorities in Romania
25000205 Budapest UJ TUKOR in Hungarian
29 May 88 pp 7-8

[Article by Eva Onody: "Let the Refugees Speak for Themselves." Quotes from previous interviews with Transylvanian refugees—some anonymous—and with Hungarians involved with them, as indicated]

[Text] A year and a half ago, the first troubled arrival from Transylvania knocked on Budapest attorney Dr Laszlo Nagy's door. Since then several thousands—mainly Hungarians, but also persons of German and Romanian nationalities—paid visits to his office after leaving their homeland, families and friends. While performing this difficult service, Nagy became one of the most knowledgeable people on this issue. He is legal counsellor, patron and confidant.

[Question] What brought you this special opportunity—how did you come into this situation?

[Nagy] "As the legal representative of the Gabor Bethlen Foundation. The absolute trust I gained with the passage of time was not meant for me initially. It was meant for the great prince [Gabor Bethlen] born 400 years ago. Unfortunately it is not a well-known fact that Gyula Illyes gave timely warning concerning these troubles. The Foundation's founders defined these troubles in 1979 as follows: 'The nature of our urgent tasks demands work not unlike that performed by Bethlen. It requires talent, fidelity, endurance and wisdom of the kind he manifested amid great danger in turning Transylvania into a protective castle, the home of nationalities and religions that reside in the region.' The timeliness of the idea impressed everyone, and the Foundation's pamphlets also found their way across the border. People picked up and left because they had confidence in the Foundation's moral force. From that point on only one more step was to be taken before they reached my office."

[Question] The condition Dr Nagy set for accepting this task was that he may speak the truth. This is how he put it:

[Nagy] "It will suffice to tell the truth in order to deal with this situation. There is no need for honorary posts, because senseless and not compensated gestures

removed from the noble intent would project a defensive image of Hungarians. This image, on the other hand, would serve to weaken and to disarm. Moreover, excessive gestures not offset by real achievements may accomplish the opposite of the intended results. They may diminish the chances of truth to prevail both in Hungary and on an international scale."

[Excerpts from Refugee Statements] "*Numerus clausus applies in all fields of endeavor. The press, the radio and television have incited the masses against us in such manner and to such degree that often the masses do not shrink from physical violence. I could present an endless list of incidents which may appear as minor, but which, through the decades totally exhausted our tolerance: it is virtually impossible to change our names to Romanian names—but we would not want to do that anyway. It has a price. 'Change of Name, Change of Soul' (Andras Suto). As soon as they hear what our names are, officials simply fail to act, or slow down official action to a degree that it will never come to a conclusion. (My passport did cost as much as a car.) Our mail either does not arrive, or, if it does, it is all torn up when placed into our mailbox. Our telephone conversations are regularly tapped and disrupted. Not only the person subject to physical terror suffers day after day—even though the possibility of such terror threatens all of us—but as a result of hardships, our everyday lives are also rendered impossible. I cannot think of a reason why I should continue to tolerate this situation.*"

"Not infrequently, Romanian authorities inflict severe bodily injuries requiring medical attention. Whenever a finding issued by the medical examiner does not contain the offender's name, one knows that the offender was an official. If the place where the offense took place is not given either, one knows that it took place during preliminary detention. If the medical examiner's report is missing, but there exists a closing statement issued by the hospital, one may guess from the contradiction implicit in the discrepancy between the severity of the diagnosed injury and the duration of hospital treatment.

"One must also watch cases in which a diagnosis provided from within the county where the offense took place shows a lesser injury than diagnoses made during subsequent treatment outside of the county. (e.g., county hospital records show only bruises, while in another county they diagnosed a fractured skull.)" (Excerpts from a physician's notes prepared in Budapest.)

"I was conversing quietly with my aunt while riding a streetcar. Suddenly a Romanian cursed us and shouted that we should be ashamed for speaking Hungarian while consuming Romanian bread. Unless we stopped our conversation instantly he would push us off the streetcar. The most frightening aspect of this incident was that all the passengers who filled the streetcar remained silent. I felt that they would stand idly by if this wild man pushed us (two defenseless women) off the streetcar."

"My father was repeatedly called to join the militia. He was terrorized until he signed an obligation to collect data on Hungarians residing in the village, and from time to time to report his findings. The poor old man fell ill from the idea of being forced to perform this task. He did not step out on the street since. He believes that by not walking the streets he may get out of this obligation, and I am helpless, I am unable to help."

"Every opportunity to place obstacles in the way of listening to the Hungarian radio is taken advantage of in Romania. We often listened to Hungarian dance music programs in the factory. They punished us at Christmas time. They did not let us have pine trees when those were distributed. They told us to see Kadar and ask him to give us trees!"

"I am 65 years old, of German nationality. Here in Romania the aged are not entitled to medical care, hospital treatment, ambulance service, or anything else. Please permit me to travel to the FGR where I would be accepted, and would be able to obtain decent medical care."

"In 1980, as a young soldier I was taken to work at the Danube canal. Virtually a child at the time, I have seen things which I will remember for the rest of my life. By now I know that several Hungarians died in the course of construction work there. I do not dare to stay at home."

"The church provides the sole opportunity for Transylvanian Hungarians to gather. In order to prevent such gatherings, as of recently all public work was scheduled for Sundays. Even children are taken to public places and are made to sweep the streets on Sunday morning, so that they do not go to church."

"An order provides that music played at wedding parties must be two-thirds Romanian and one-third Hungarian. But that one-third is restricted by a prohibition to play old songs which remind people of pre-war Hungary. (e.g., singing the old march 'Harminekettes Baka Vagyok En' is prohibited.) On the other hand, the old people are unfamiliar with songs other than the old ones. For a while we try to abide by the impossible rules, but then, around midnight we disregard the rules and everyone sings whatever he wants to sing."

"Teachers are having difficult time. They are forced to teach Hungarian classes in Romanian. Teacher Julia Kereszty of Nagylak squarely refused to abide by this rule. On the next day they found her hanging by the neck in her apartment."

[Question] Due to abnormal conditions the citizens of a foreign country are coming to Hungary. To top it off, they are Hungarians residing beyond our borders. In such situations how do international agreements operate in Hungary?

[Nagy] "The most important international document which bears special significance at present is the agreement concerning civil and political rights (better known as the UN New York convention of 23 March 1966). Its contents: a listing of general civil rights. Through its Presidential Council, Hungary affirmed this document to the UN Secretary General on 17 January 1974. It was proclaimed in Hungary by virtue of a decree having the force of law in 1976. On 9 December 1974 Romania also affirmed the document with the U.N. Secretary General, but did not proclaim the contents of the document within Romania. (The rest of the socialist countries did not proclaim the document either.) In order to familiarize myself with this issue I studied the Hungarian-Romanian legal aid agreement (which, incidentally deserves a separate study). It covers legal aid with respect to civil, family and criminal adjudication (Bucharest, 7 October 1958) as well as a subsequent agreement concerning the discontinuation of dual citizenship. One should be aware of the fact that international obligations take precedence over domestic law. This is where I was confronted with the first surprise. Unfortunately in Hungary there continues to prevail a view which does not recognize the precedence of international obligations. It does not recognize this precedence despite the fact that the latest Vienna agreement affirmed this fact. Accordingly, Transylvanians desiring to settle or to continue their travel must be accorded the hierarchically highest ranking agreement. And this would not contradict that legal aid agreement ratified by both Hungary and Romania, that being the document having lower precedence in the hierarchy. Accordingly, those arriving with a passport to Hungary are entitled to leave Hungary. (Article 12.2.)"

[Excerpts from Refugee Statements] "In 1983 the Kolcsey Gymnasium started with ten Hungarian language ninth grade classes. Two years later Romanianization of the school began. By then the number of ninth grade classes was reduced to 6, and only 4 of those were Hungarian. During the first year of the second lyceum grade there were only two Hungarian classes. Having received word of the cutback, parents and students called a meeting. At first the principal did not want to attend the meeting. In the end he showed up but was not willing to speak. Despite this fact he was relieved of his duties within weeks. A Romanian was appointed in his stead. One of the parents accepted the task to visit the school board. He was threatened there and state security officers picked him up on the following day. Despite all these events the father of one of the students left for Bucharest to visit the ministry. He did not return for weeks. In the end he reappeared but was intimidated. The number of Hungarian classes was left unchanged. As a matter of background: in earlier days 90 percent of this school's graduates was admitted to universities. As a result of the 'reorganization' some 400 Hungarians were squeezed out of the lyceum, and only a small part of the Hungarian students was able to enter Romanian schools in which the standard is lower: to the construction trade lyceum and to the auto parts factory school."

"I graduated in 1987 and applied to the mechanical engineering school of the Kolozsvar University of Engineering. I estimate that in that year some 300-350 Hungarian students from my native city applied to various universities throughout the country. I know of only one who was admitted to the Temesvar [Timisoara] University of Engineering. I can say with certainty that from among Romanian students taking the entrance examination with me more than one with lower scores than mine was admitted. Accordingly, our opportunities to continue education are artificially limited by the Romanian state."

"I am a school teacher from Szekely [Sekler] country. Our Szekely origins, however, are questioned by official Romanian teachings of history. They consider us to be some degenerate Romanians. The essence of today's situation is this: the Hungarian intelligentsia was sentenced to death. We are humiliated by having to condemn all perceptions and efforts nurtured outside of Romania which are designed to protect the interests of Transylvanian Hungarians, or which objectively view the interests of Hungarians (like for example, the scientific study entitled "The History of Transylvania"). We are stigmatized unless we express condemnation. The first consequence of being stigmatized is the loss of job. They enter the letter 'i' [probably "inconscient," "irresponsible] into our work book which makes it impossible to secure another job."

"I observed at my workplace that Hungarian trained workers are left for years and for decades in the same functional as well as pay category, while the promotion of Romanians is assured, irrespective of their preparation or expertise. Discrimination thus also increasingly has an impact upon one's standard of living. Management at all levels of this factory consists of Romanians. Last November, some 30 Hungarian workers, including myself, received so-called tour of duty papers. They transferred us to one of the canal construction projects several hundred kilometers away from our homes. I did not accept such an assignment. I was banned from the place where I found my next job, and was told that I would be taken to the coal mines in the Mutru region. They did not state this in writing, though. Work conditions in those coal mines are such that one cannot be certain of ever getting out from there."

"I was threatened at the workplace to the effect that I would not be permitted to take my masters examination unless I agreed to work at the Mutru region coal mines, some 350 kilometers away from my family. I was not the only one told that, but also eight of my colleagues. In those days a governmental delegation arrived at our enterprise. They established a 'persuasion committee.' (We gave it that name.) Their job was to use kind words to convince the elite of Hungarian workers and from among Romanian workers the useless ones to work at the coal mines of Rovina. One would certainly perish as a result of work conditions in those mines."

[Question] What rules apply to refugees arriving in Hungary?

[Answer] "In such cases we must apply Paragraph 67 of the constitution which states that whoever suffers persecution anywhere as a result of his democratic conduct may receive asylum in Hungary."

[Question] Accordingly, the question arises: why should Hungarians, Germans and Romanians from Romania seeking protection in Hungary not receive political asylum as long as the rights of nationalities (and in general, fundamental human rights) are not reestablished in Romania in accordance with the principles enumerated in the agreement? We assume that this could be expected.

[Answer] "When I began researching this issue I found that there are no other provisions aside from Paragraph 67 of the constitution which deal with this subject, neither with respect to jurisdiction, nor with regard to legal remedies. Aside from that there exists an orthodox view by which socialist countries allied with Hungary do not persecute anyone for his democratic conduct. I am not reassured by the fact that as a result of a process that is protracted anyway, people receive only 'permissions to settle,' which may be revoked at any time."

[Excerpts from Refugee Statements] "I am a Romanian [female] physician, nevertheless it was extremely difficult to obtain this passport. Because I am not certain that I will again succeed in getting out of Romania I decided that under no circumstances would I return. I would like to settle in a country where they accept me with a Romanian passport, without visa. It is very difficult to reach decisions like leaving my homeland and my parents—it is not easy. Why did I leave? My mother is a teacher and my father a physician. I was brought up in an intellectual milieu. For quite some time this was considered a sin in Romania. You cannot think for yourself, and it is tantamount to suicide to say what you think. You cannot exist as an individual, you are only allowed to vegetate as a component part of the masses. Any unbearable situation must be tolerated silently, deeply humiliated in your human dignity before representatives of power. Conditions for healing medical work are not assured in Romania: shortages in medicines have become permanent, and I can grant sick leave only on the basis of permission received from high ranking physicians. (And not until the sick person recovers, but until the individually allotted sick leave quota is exhausted.) Spiritual traumas that go with this profession serve to wear out a person, and since scapegoats are frequently sought, one must be concerned about that too. They do not dare to publicly admit real causes of deaths. I am saddened by that fact that specialized examinations in the medical profession were discontinued, even though I would like to be a specialist. The final impetus was provided by something else, however. Someone sneaked several thousand lei of 'gratitude money' on one of my colleague's (a Hungarian's) desk. They descended upon her and took her away. Accepting money from patients is strictly prohibited in Romania. After several weeks in prison she was returned to us as a patient of the gynecology ward. My

professor who performed the operation told me that in his thirty years of practice he has not seen a woman brutalized to such extent.... My need for professional development and my conscience as a physician also prompt me to emigrate. Although I am a Romanian, neither my soul nor my spirit belongs to the prevailing system in Romania."

"My wife is German, I am Hungarian. We decided to relocate to the FGR. We were not permitted to enter the embassy in Bucharest. Just as the Hungarian embassy, the German embassy is also surrounded by police and by cameras. People are taken into custody before they could enter the embassies. A police summons was already delivered when we got home. On the following day they began questioning us. The charges: nationalism, chauvinism, the spreading of foreign propaganda, the smuggling of foreign exchange. While searching our home they found only some issues of the ROCKET newspaper, of INTERPRESS magazine and SPIEGEL, all of which they confiscated. The harassments did not stop thereafter. The school principal frequently reminded our ten-year-old daughter to talk with her classmates in Romanian. My 68-year-old father was taken to perform public work: for a period of two weeks, he carried sacks in a grain elevator for ten hours each day. The food quota we receive instead of tickets was taken away from my mother: this amounts to 30 dekagrams of bread per day [0.6 pound], half a kilogram [around 1 pound] of sugar per month, and half a liter [about 1 pint] of cooking oil per month. When we attempted to file a protest at the people's council we were sarcastically told to file our appeal in Bonn or in Budapest, as we prefer.

[Question] We were discussing the issue of dual citizenship. As it turns out, discontinuation of dual citizenship was a big mistake, one could say we had shot ourselves in the foot.

[Answer] "That is correct. In the early 1980's Hungary reached an agreement with Romania to discontinue dual citizenship status. Accordingly, a Hungarian resident of Romania may receive Hungarian citizenship only if he previously surrendered his Romanian citizenship. This is the way one hears the arguments, but this is an erroneous line of argument. It is erroneous because the Hungarian-Romanian agreement in question (Law No 2 of 1980) is incapable of voiding the Hungarian constitution and Paragraph 67 thereof. Accordingly, the agreement provides a legal basis only for purposes of the traditional kind of resettlement procedures, and not for today's extraordinary situation. For the future: I would support the general reinstatement of dual citizenship. This would provide spiritual support to those affected, and from the standpoint of international law it would pull the rug out of under such untenable viewpoints which lend opportunities for illegal actions, according to which caring for the Hungarian minority residing beyond our borders constitutes an involvement in the

internal affairs of a given country. The best expression of this thought was made by a refugee from Transylvania: 'We did not transgress the border. The border transgressed us.'"

[Excerpts from Refugee Statements] "*Disturbing news is coming from home. Our relatives are being harassed, they are taken by the militia to find out where we are—whether we stayed in Hungary or went on further? Relatives of those who continued further are left in peace. As for myself, we are fortunate that I was able to come out with my wife, but our little son was kept there as a hostage. My wife is all consumed, she cannot rest, she cries constantly and thus endangers her pregnancy. Already at home she delivered prematurely four times, this is why we would very much like to keep this child if there is a way. Can I tell her anything encouraging? When can we have our son? We and our friends came here with the intent to stay in Hungary. Many of us are forced to continue our journey, in order to have an opportunity to once again see our children.*"

"I am a locksmith and a machinist. Although my home is in Transylvania, it is possible that I will never return there. With his teeth clenched one can tolerate that situation only for a while: to be told 'bozgor' (one without a home country) daily by those who were settled there not too long ago, while even my great-great-grandfather was born there. I would like to live a decent, honest life somewhere with my family, earning a living with my two hands, as long as my homeland cannot provide me that kind of life. I am concerned about my children and my wife.... For this reason I request that if you are unable to help me settle in Hungary, allow me to proceed to one of the Scandinavian countries."

[Question] Torn families represent the most tragic aspect of the refugee issue. What can we do about reuniting families?

[Answer] "Unfortunately not much. Hungarian endeavors thus far have not succeeded, but the issue must not be taken off the agenda. The most important matter at this point is the organized provision of shelter, work and social services, because that serves as a legal prerequisite for the Hungarian Red Cross to turn to international organizations, if that becomes necessary. The counties gradually list the vacant houses and apartments. It appears that the settlement of Transylvanians will not cause great concern, and that this solution will not conflict with the interests of those awaiting apartments. Those who went to Sweden can make arrangements more easily for their families' reunification. Sweden can deal very effectively with this issue—its relationship with Romania cannot be even compared with the Romanian-Hungarian relationship. I would add only this: Romanian authorities do not harass the relatives of those who succeeded in proceeding to the West. Relatives of refugees who stayed in Hungary continue to be harassed (to put it mildly). This clearly shows that Romania is expending a substantial amount of energy to accurately

find out things about persons who do not return. I too am surprised that their knowledge is current. It has happened more than once that I was able to 'greet' in my office the qualified persons of the Securitate [Romanian Secret Service]. It should serve as an assurance, however, that the defense mechanisms of people in trouble function very well.

[Excerpts from Refugee Statements] "Out there I was a physical education teacher, and I also did some coaching. In Hungary I am a construction worker for a private construction firm earning a good income (14,000-16,000 forints). Initially the Romanians' trouble with me was that I had more Hungarian athletes on my team than Romanians. Later they bothered me by asking why Hungarian athletes showed such good results. Three years ago they assigned someone to follow me. He shadowed me. They summoned me several times in order to 'organize' me into the system and to report who goes where, what people say, what they are doing. I did not accept this task. I commute to work by metro every day, and as I go up and down the stairs I am looking at people and I am afraid. More than once I have seen the person who used to follow me at home in Romania, the one who promised to shoot me like a dog unless I return to Romania. Frequently I think that he came after me, and this, perhaps is not just a nightmare. It is conceivable, because I hear and see it happening wherever we appear as a group, such as in churches, that many of them followed us here. I had no choice but to leave. Several times my daughter came home from school complaining that 'Dad, I was spat upon by the Romanians.' And this is exactly how she said it. Not one or another little boy, but the Romanians, she said. What should I say? I told her several times: disregard it my dear. But I am certain that this is not the proper way, the way it should be. What should I tell my child? What should I say? What should I do?"

[Question] It is not easy for a lawyer to "pick out" from the crowd those who were sent, and others who came voluntarily.

[Answer] "Of course, it is not easy, because there are many decent, honest Romanian citizens who came to my office: workers, engineers, physicians, priests. But it also happened that from among those waiting I asked a Hungarian to act as an interpreter, and once he did so he recognized his 'shadow.' Despite all this, all of us must overcome the assumption that anyone who speaks Romanian is secretly gathering information. In the country too there developed this prejudice. And the other day some desperate Romanians sought my counsel and help. Their situation is difficult because they cannot speak Hungarian. They cannot defend themselves, they just sense that everything freezes around them. Many in this country want to stem this prejudice. And as a person sworn to uphold the constitution, I respect the equality of persons in the eyes of the law, but I do not recognize as identical the conditions and moral levels of people and nations. I arrived at this conclusion as a result of the masses of refugees that flowed through my office during

the past year and a half. Ady's hope that the Danube and the Olt speak the same language has once again fallen apart. The first line of the Romanian national anthem goes like this: 'Trei culori cunosc pe lume,' 'I recognize three colors in this world.' I too recognize three colors, but not only those three colors. And most importantly, I was not blinded by my favorite three colors. We are Europeans, and that's what we have to continue to be.

Note

Deputy Minister of Interior Zoltan Gal informed public opinion about the fact that for purposes of aiding refugees the cabinet has established an inter-ministerial committee, which will function in cooperation with the PPF, the organizations of the Hungarian Red Cross and the local councils.

[Box, p 8]

A Representative Sample of 100 Refugees

1. Distribution by nationality: 91 Hungarian, 4 German, 5 Romanian

2. By age groups:

Under 20 years of age: 6

Between 20-30: 50

Between 30-40: 33

Between 40-50: 10

Over 50: 1

3. Marital status

Single: 36 Married: 55 Divorced, widowed: 9

The 55 married refugees have 69 relatives left in Transylvania, including spouses and children.

4. Occupation: Blue collar: 45 White collar: 55

5. Forty-two wish to settle in Hungary, this being their primary choice.

If Hungary is unable to provide guarantees for the reunification of their families, of the 42 persons whose primary choice is to reside in Hungary 19 would continue their journey to the West. In the absence of family reunification 23 of the 100 persons would remain in Hungary. 58 percent of all refugees wish to settle exclusively in the West.

CZECHOSLOVAKIA

Role of Party in Economic Restructuring Sketched
24000085 Prague RUDE PRAVO in Czech
26 Mar 88 p 1

[Text] The decision to undertake a complex restructuring of our economic mechanism will not be translated into reality in a week or even a month. It will, evidently, require a certain length of time. But it would be naive to believe that this will be a quiet time. On the contrary, a number of conflicts will arise because along with introducing the new mechanism the old one will continue to have an effect, although in an increasingly more limited way. Nor can it be taken for granted that the new economic conditions will promptly change the people as well.

It is therefore natural that the new situation requires, above all on the part of all party organs and organizations, a substantial change in work style to correspond to the new needs.

What in party work needs to be changed soonest? In the first place, it is adopting a new approach to party leadership in the economic area. Truly, party organs cannot assume the duties of economic or state organs, take over their decision-making powers, as it still is the routine in the work of many party functionaries on district and even higher levels.

Two questions here require a correct exposition. First, the party cannot make decisions instead of the managers. Second, from the managers the party must however require an active, purposeful solution of problems, assert its right to monitor how the enterprise management, and in the future also the organs of socialist self-management, ensure the objectives of party and state policy.

Of course, the duties of political leadership inseparably include motivation of the work collectives to develop initiative in plan fulfillment, managerial thrift, utilization of the brigade form of work organization and remuneration, and a full implementation of khozrazchet [cost accounting system] within the enterprise; safeguarding the party's cadre policy, caring for the economic education of the workers, for clarification of the principles of restructuring and concrete approaches toward its implementation. Put briefly, the role and function of party organs are uniquely essential in political and ideological activity, in the formulation of concepts, monitoring of how decisions are implemented, and in working with the cadres.

Present practice does not always correspond to this. It is hard to overcome one of the old shortcomings—the tendency of many party organs, their apparatuses, and

also of base organization committees and their functionaries, to issue orders, to make decisions on everything and on behalf of all. This is often done in the conviction that, after all, the party must have "everything under its thumb."

If in the past such practice could be to some extent understandable, at present (and much more so in the near future) it becomes increasingly more unacceptable. It is because such a "style" of party work leads party committees to frequently shoulder tasks which do not belong to them. They become directly involved in matters pertaining purely to production while neglecting the main thing—work with people and among the people. It is the height of supplanting responsible economic managers when some party committees ultimately lend themselves to searching for materials or various parts, and toward this end even conduct correspondence with party committees of the supplier organizations. Direct interference with the powers of the managers, with their management, in many cases scarcely contributes to the expansion of production, but rather hampers it.

To be sure, it can be objected that party committees are forced into this practice by circumstances, by the inflexibility of the present economic mechanism. But the management method by administrative decree fails to lead enterprises toward effective action, and managers often have learned to avoid acting or deciding on their own, seeking an excuse in awaiting directions from above. But some economic and other organs have also adopted the habit of having every decision or intention of theirs sanctified politically by the corresponding party committee. And this "political concurrence" is then used, in case there are difficulties or failure, as a shield against criticism, against being called to account for the consequences of their incorrect decisions.

This raises a question: All right, supplanting management is no longer possible. But does this mean that party organs and organizations are shedding responsibility for the situation in the national economy?

Yes, it seems complicated—not to supplant, while bearing responsibility. But for this very reason it is essential to learn the active use of the instrument of political leadership. Let us repeat—above all, it means placing emphasis on work with the cadres, with workplace collectives, in order to encourage their initiative and higher sense of responsibility, on organizing ways to carry out and monitor implementation of decisions that have been taken, on working out concepts of further development.

There are quite a few party district committees which have perceived correctly their present task in exercising party influence on the economy, which require managers to account for their work at meetings of the party organ. But there are still many district committees which have yet to acquire a sufficient understanding of the political approach to economic matters. As a result, presidial

reports delivered at district committee meetings may offer a thorough, yet still purely economic analysis, often even resembling a report from the statistical office. It could even appear that these reports are targeting their criticism properly, because they carry names of managers of enterprises and cooperatives falling behind, and occasionally names of chairmen of party organizations there. But does such a way of targeting criticism constitute the real substance of a critical party approach to economic matters? Above all, these reports are lacking in another viewpoint, a key one for the party organ—an analysis of the political situation in the enterprises failing to meet their targets, of the level of party engagement, of how the base organizations carry out their right to monitor the economic management, how the principles of the party's cadre policy and public information are applied within their sphere, what is the level of ideological activity, how communists by their example win other working people to their side.

A broadening of the rights of enterprises and putting into effect a self-managing status of work collectives, the tasks of their organs and election of managers as set forth in the draft law on state enterprises, all this represents a principal step toward a deepening and broadening of socialist democratism in the production process. Greater independence of enterprises and the introduction of self-management principles call for a manifold increase in the tasks of tens of thousands of party base organizations as the political nuclei of work collectives.

It depends on them to map out the correct role of individual work collectives in harmony with the economic objectives of the enterprise or plant, to literally draw everyone into a public scrutiny of workplace targets, of results achieved, into efforts to solve shortcomings and cadre questions, so that they can exert influence on shaping comradely relations and, not the least important, support those who courageously confront outdated stereotypes and sloth, taking note of everything positive and constructive, and helping new experience spread around. That, too, belongs to the methods of political leadership.

13445/12223

Housing Situation in Prague Seen as Critical
24000103 Prague LIDOVÁ DEMOKRACIE in Czech
21 May 88 p 1

[Text] Repair and upkeep of housing belongs to an area in which so many problems have accumulated in the past decades that their definitive resolution today will be very difficult. In spite of this, rectifying the current (in many places, and in various regions, literally) shameful state can no longer be delayed further. The situation is especially critical in Prague; at last year's October plenum of the local committee of the Czechoslovak Communist Party it was stressed that the issue of repair and upkeep of housing in the capital city had become literally a national problem.

The cause of this situation (obviously not only in Prague) is known: a shortage of funds, building resources, and necessary materials. We can understand this argument; with it we can explain or excuse anything—no arguments, however, can fix decrepit houses (often, entire streets and quarters).... Simply put, the time has come when it is necessary to move from words (and explanations why this or that cannot be done) to deeds. There are more than enough tasks before the competent organs and organizations: one example of many similar cases is the District Housing Office, Prague district 1, which has purview over 1,500 homes, of which 560 have roofs in practically unusable condition. After a year, the providers will have of course managed to repair only about 40 roofs; the others will simply have to wait longer.... Another example, again from Prague 1: sidewalk scaffolding, which has only one purpose—to protect pedestrians from falling plaster—must be installed on 60 buildings in this district. The majority of these "safety" scaffoldings remain on the buildings for many years because there are no funds or resources available for the necessary repairs.

Another great problem (and by far not only in Prague) are the flat roofs of prefabricated buildings. The Public Inspector's Committee of the Czech Socialist Republic looked into this problem at the beginning of this year, and the findings of its inquiry demonstrate that the situation in this area is getting ever worse. The cause is not only neglect of small problems when they are still developing, but primarily the low quality of workmanship and material used in construction. Proof of this is the fact that in the current period even buildings which were constructed entirely recently now demand repairs. This grave defect can be removed only by substantially increasing the quality of newly constructed buildings and a greater commitment of the "grand" building enterprises to repair work. These are all obviously measures which cannot be realized overnight. Reform in this area will be markedly complicated and slow....

There are of course changes which can be made practically immediately—including, for example, the measure undertaken by the District Housing Offices for Prague districts 2 and 9, where they are gradually hiring employees for the new—or, rather, recreated—function of custodian, whose job description will include, in addition to standard janitorial tasks, minor repair work. This proposed measure—provided it works out and is applied in other places in Prague and throughout the republic—should at least somewhat ameliorate the current disagreeable situation. A definitive solution will obviously demand far more fundamental steps.

Resolving all problems pertaining to the maintenance and repair of decayed housing will by no means be simple; too many deficiencies have accumulated over the past years. In spite of this, or rather precisely because of it, it will be necessary to find a satisfactory solution as soon as possible. All of these problems—ostensibly solely economic concerns—are beginning to spread into the

political sphere: from a person who has not obtained quality quarters for himself and his family and whose greatest concern is how he can resolve his (often long-term) housing problem, society can hardly expect initiative and the full application of his working and creative energies.

13451/12223

Social Role of Slovak Women Discussed

24000088 Bratislava *PRAVDA* in Slovak 22 Mar 88 p 2

[Text] Recent statistical data confirm that women represent 42 percent of the total work force in our economy, and in some branches they have long been predominant. For instance in 1986 women held 85.4 percent of service jobs in domestic trade and 87 percent in state trade establishments.

From the point-of-view of satisfying the needs of the national economy, the high employment rate of women is surely a positive factor. On the other hand, it gives rise to a number of accompanying factors—such as pressure to push for the availability of preschool facilities, a weakening of the mother's influence on the education of children, or the often undesirable changes in family relations between husband and wife. Moreover, many branches of the national economy have thus far failed to create conditions for working women—mothers who would minimize the existing problems.

Let's stay with trade establishments. According to official data, in the years of the seventh Five-Year Plan trade organizations in the Slovak Socialist Republic reduced to one-fourth the number of women handling above-limit burdens. It was assumed that the problem would disappear completely by 1987. But in an extensive 1986 study in the Slovak Socialist Republic, women employees in trade responding to questions confirmed that 32.4 percent of women lift such burdens routinely and nearly 40 percent occasionally. Only 11.1 percent of respondents said that they lift above-limit burdens only exceptionally.

One could continue a list of similar negative features in the attitude toward working women. It is in the ways of eliminating or at least minimizing them that an initiative of the Slovak Women's Association, the movement For Society, Family, Ourselves, is searching for, patiently and often painstakingly. A few days ago members of the Slovak Women's Association meeting at an all-Slovak aktiv in Bratislava evaluated the results. The movement is an organic outgrowth of a former one known as Everything for People. Already in the preceding two-year period it had staked out the goal of not duplicating the work of bodies and organizations responsible for developing social care, trade, services, education of pre-school and school children, but rather by seeking out what is locally possible, by increasing activity and initiative, to

help the broad membership base of the Slovak Women's Association improve the working and living conditions of women, of both the young and the oldest generation.

It is a broad range of tasks and problems. But a survey of results has confirmed the vitality of the movement, its significant influence on shaping the consciousness of the whole society that the tertiary sphere is of the essence, in generating pressure on improving it not in the sense of meeting economic goals but raising the quality of life of our citizens. In many districts the National Committees, in cooperation with basic organizations and a broad aktiv of the Slovak Women's Association's functionaries, in close contact with production or trade units, have attained remarkable results. Thanks to the movement many establishments provide services to children, women, and retirees; new services, school groups and clubs have been started, better care provided to senior citizens, more areas obtained for schools-in-nature. Last but not least, the women's initiative contributed to beautifying our environment—by planting flowers and shrubs, but also supplying the market from collecting medicinal herbs, raising fruits and vegetables as well as small farm animals.

For all this a sincere word of recognition came at the all-Slovak aktiv from Elena Litvajova, member of the Slovak Communist Party's Central Committee presidium and chairperson of the Slovak Women's Association's Central Committee. At the same time, however, the review of two years of effort by the women's movement highlighted serious shortcomings in some areas of our life. Among other things it turned out that the movement's accomplishments vary greatly in individual territorial units. The overall effect is largely determined by the organizing ability of officials at National Committees, but it is also the cooperative spirit and attitude of large employers which to a decisive degree influence the life of each district.

Thus far, for instance, one cannot be satisfied with the situation mentioned earlier: the problem of making women's work easier. Serious shortcomings persist in the quality of services, and possibilities remain unexploited in providing spaces for school clubs, groups, or schools-in-nature. A look at the map of Slovakia, where industry poses a threat to the healthy development of the young generation, truly chills one's spine. Supported by government decisions and substantial injections of state money, in 1987 it was possible to provide recreation in "schools-in-nature" to over 46,000 children. Yet it is still only 12 percent of the Slovak Socialist Republic's children's population. Many enterprises—even including some of the biggest polluters of the environment—still fail to find a common language with the district organs. They "save the facilities" to serve only their "own employees," as if their children did not in effect constitute the enterprise's labor base for future years.... Only 52.23 percent of first to fourth graders last year found places in school groups

in Slovakia. Few enterprises have facilitated shopping for women, provided for expanded services, and downright misery reigns in the production of semi-finished goods.

All these problems provide for a basis for the activity of the For Society, Family, Ourselves movement in the forthcoming period as well. As can be seen, in the area of child and youth care, social policy, trade and services, or improving the quality of life, there is no room for a slackening of effort.

13445/12223

Increase in Number of Working Retirees
24000106 Prague DOKUMENTACNI PREHLED in Czech 16 May 88 pp II-14

[Article: "Employment of Retirees in the Czechoslovak National Economy"]

[Text] Decree No 142/1983 on granting pensions to some working retirees became effective on 1 January 1988. The decree regulates the employment of retirees according to the needs of the national economy. In some blue collar professions and services it eases the shortages in manpower, and on the other hand it controls the employment of retirees in white collar professions.

Number of Working Retirees

Between 1984 and 1987 the number of working retirees in the socialist sector of the national economy increased by 49,000 to 929,000, that is, by 4.2 percent. There is a marked difference between the increase in the number of working retirees in the socialist sector, excluding the unified agricultural cooperatives (JZD), whose numbers in 1987 increased in comparison with 1984 by 52,000, that is, by 7.2 percent, and the decrease on the other hand in the number of working retirees in JZD during that period by 13,000, that is, by 7.7 percent. Despite this divergence in development, in the socialist sector of the national economy—excluding JZD—only about 1 worker in 9 receives some form of pension, whereas in JZD roughly 1 in 4 does.

During the past 3 years, the increase in the number of workers of retirement age represented half of the total increase in manpower. Between 1984 and 1987, same as in the previous years, the number of female retirees grew faster (by 9.3 percent) than that of male retirees (by 4.8 percent).

In comparison with some developed countries the economic activity of people of retirement age in the CSSR (according to the census of 1980 it stood at 16.1 percent) is higher than, for example, in Holland, France, or the Federal Republic of Germany, where it reaches 8-9

percent, but on the other hand it is higher in a number of countries than in the CSSR (Sweden 18 percent, USA 20 percent, Canada 21 percent, Norway 26 percent, Japan 33 percent).

Economic Activity of Old-Age Retirees

In comparison with 1984, there was an increase in the socialist sector of the national economy (not including JZD) mainly in the number of old-age retirees, by 49,000 (to 575,000); the number of workers receiving other types of pensions (disability, surviving spouse, etc.) was roughly 200,000 and has held steady for a long time. Whereas in 1984 the share of working old-age retirees in the socialist sector (not including JZD) constituted 17.8 percent of the total number of old-age retirees (in 1975 it was only 13.5 percent), and by 1987 this share grew to 19.1 percent.

The increase in economic activity occurred primarily among women, less so among men. Whereas in the case of women the increase in economic activity occurred in all age groups (most of all in the lowest age group up to 59 years by 4.2 percent), in the case of male old-age retirees economic activity increased only in the lowest age group of 60-62 years (by 1.8 percent), and in contrast in the group above 68 years there has been a marked decline (to 1.6 percent).

The share of working old-age retirees in the total number of citizens of retirement age in the CSR (15.4 percent) continues to be considerably higher than in the SSR (15.4 percent), even though the increase in the number of working retirees in Slovakia has been considerably faster during the past 3 years than in the Czech areas.

Workers of Retirement Age Who Have Not Yet Applied For Benefits

Besides the workers receiving old-age pensions, those who are entitled to old-age pensions but have not yet applied for them also remain as part of the work force. During the 1970's the number of people thus employed has been steadily decreasing, but in the 1980's it began to grow. Despite the measures concerning pensions to be put in effect on 1 October 1988, the number of people thus employed increased in 1987 in comparison with 1984 only moderately, by 4,500. Of the total number of 50,000 such employees roughly two-thirds are professionals, where this form of economic activity concerns more than 30 percent of all workers of retirement age. In contrast, in the blue-collar professions of the socialist sector of the national economy (not including JZD) the share of those who have not applied for old-age pensions although entitled to them is only 0.3 percent.

The economic activity of people of retirement age is motivated to a considerable degree by social considerations. Given the size of the pensions granted, the CSSR belongs among countries with a relatively obsolete pension system which is not commensurate with the wage

level and the state of development of the national economy. The average amount of a pension paid out of workers' security in 1987 was Kcs 1,357. For example, in 1986 the average amount of newly granted old-age pensions in the 3rd work category was Kcs 1,847 for men and Kcs 1,367 for women, which is only 55-59 percent of the gross wage of men and women working in the national economy, and 50-55 percent of their gross wages reached in the last years before retirement.

12605

HUNGARY

Scenarios Toward Political Reform Without Explosion

25000196 Budapest MOZGO VILAG in Hungarian No 4, Apr 1988 pp 13-21

[Article by Bela Pokol, political scientist at the ELTE Faculty of Political Science and Jurisprudence: "Political Reform—From a Socio-theoretical Viewpoint." Bela Pokol was born in 1950 in Zahony. He graduated in 1977 at the ELTE's Law School. He conducted research in constitutional law, political science and socio-jurisprudence; in recent years he has been involved with general sociological problems. He is a member of the Department of Political Science at the ELTE's Faculty of Political Science and Jurisprudence.]

[Text] For practical thinking everything is so simple. Decisions of the state must be made on the basis of the consensus of the members of society; the formality of the elections must be abolished. Resolutions of the Parliament should finally be made during genuine debates and representatives should participate in legislation and in the control of public services as professional politicians. However, everything is somehow so excessively simple in the welcome debates on political reform initiated recently. The tasks are so excessively self-evident. Really, it is not such a difficult intellectual task to define the demands of the freedom of the press in its ideal purity, for 19- century handbooks of the constitutional state are available for perusal; the principles and mechanisms of the implementation of the freedom of association, assembly and thought, as well as the control of publicly elected parliament over the state apparatus, are known from the last century.

If practical politics wishes to begin with a new page in the implementation of the framework of the constitutional state, it does not have any special needs anymore for today's more subtle scientific analyses. However, planning and implementing reform means approaching ideal conditions that are defined by gradual changes in the framework of the existing and functioning system. This is certainly a more difficult task. Completing a more extensive reform without stalling right at the beginning or without distorting it in another direction that may, after a while, cause chaos or a social explosion; this is perhaps also a question of historical luck, but here the

success of the reforms also requires a more subtle analysis. Sketching of the ideal conditions is sufficient only for a revolution. For reforms, the functioning of the area to be reformed must be known exactly in its entire complexity, including the mechanisms that can possibly be criticized from the point-of-view of the ideal condition, as well as hundreds of means and ways which are part of today's existing system, dozens of which must be gradually abolished or gradually reestablished on the way toward the ideal condition for the implementation of the ideal goals without exploding the present conditions.

Taking an example from the area of the freedom of the press, even beginning students of constitutional law could prepare a draft of the ideal press law which would unequivocally guarantee the unhindered publication and the possibility of debate of heterogeneous public opinions. But if we want to reform the present condition of the press and of the political-administrative control of public opinion, then we must have an exact and detailed knowledge of how the contents of the daily papers is controlled, what the crystallized forms of control over the weekly magazines and journals are; what kinds of formalized ways of control exist over the individual products of book publication and film making; at which point, by which organs and by what means the publication of one or another book, film or article is hindered or changes in them are imposed; how control over individual editors of radio and television is effected; how many steps of screening exist before the airing of individual programs; by what principles and by whom it is decided who will be chosen for the positions of individual screening stations, etc. After considering all of this, a series of steps can be determined by which these threads are gradually cut, to be replaced with solutions that will take us closer to the ideal freedom of press.

Thus, it is not such a simple matter. If only the ideal condition would be considered as a reform plan, it could not be implemented, even if some faction of the political leadership would be willing to support such changes. The task of the representatives of today's social sciences—primarily of sociology and political science—in the area of political reform is not a practical undertaking of the promotion of ideal conditions but rather a conceptual thematization of a thousand hidden aspects of the existing sphere of power and politics, as well as an unbiased mapping of its facts. (Even if one is aware of the fact that, because of a lack of institutions for practical political debates, the social sciences are under constant pressure to get involved in alternative political issues!)

I frequently observe this "everything is so simple" attitude in the arguments of the participants of the recently started debates on political reform. In this article I want to present some problems in this area by trying to shed some light on a few issues which are fundamental in the debates on political reform, without being explicitly defined.

The Ways of a Divergent Stabilization of State Power

A central concept in the writings that are urging for political reforms is that, through the reform, an organ of popular representation, which embodies a consensus of public opinion, should be put in the center of state power. In one of my earlier writings I proposed that in the launching of a political reform, a period of compromise should be included in the first phase in which the plurality of public opinion could be organized into interest groups and that the constitution of state and political will could be connected with society's plurality through a corporate chamber based on their delegation. The political plurality thus stabilized could then be transferred later through several phases to the forms of constitutional law based on the direct votes of several million citizens. Because of compromise in this concept of reform, I observed in several cases the manifestation of aversion, in addition to supporting and understanding criticisms in writing and in verbal debates (Bruszt, 1987; Zongor, 1987). "These people think that the matter simply consists of lifting off the top of power from here and moving it over 100 meters onto the dome of the Parliament," I fumed after many such debates. But this is a functioning machinery of power, tied together with a thousand threads, which has, in its layout, stabilized itself firmly around the top party leadership in the past decades, and if one wants to transfer the top power of the parliament, then these thousand threads must also be cut and firmly retied there.

Today I still tend to think that this concept, working with "masterly strokes," is an illusion in terms of a concept of reform. The radical change in state power assumed by it (in a single step) could be implemented only after lost wars when there was no stable and functioning state machinery, or it was implemented through cataclysms and revolutions. In places where the parliamentary constitutional state was established in other ways in Western Europe, many decades were needed even in the 19th century (when the state machinery was not yet so complex and when the entire society did not yet depend on the continuous functioning of the state machinery, as was the case here, in Central Europe, at the end of the 19th century) for the establishment of a consolidated public control over uncontrolled state power. (See the successful constitutional monarchies of the Scandinavian states or Western Europe.)

For there are fundamental differences between the stabilization of our present, functioning state machinery and the stabilization of a state machinery based on public representation. Bridging this over smoothly, i.e., by assuming a functioning machinery "in operation" (a concept of reform must accept this as a starting point!), is possible only through a series of steps of compromise. And perhaps the reason why even this much can be seriously reckoned with in Hungary is that there has already been a 1956 here which, among other things, allowed the stabilization of a background plurality in the Hungarian political system.

But one of the basic conditions for this heartening background pluralism is still the stability of top political power today, settled for immutability. Background pluralism, which does transmit (even if distortedly) the opinions of society's large strata to the state and political will formation, has become part of the stabilization of state power that is constricted to this top, and has not meant structurally a step forward in the direction of state power that has been stabilized around the organ of public representation. For the latter becomes stabilized through the fact that only an abstract framework of state power is unchangeable while its filling with concrete political programs and personnel (head of state, head of government, ministers, etc.) is changeable periodically.

Let us first take a closer look at the relationships emerging here and let us draw a parallel between them and the characteristics of the stabilization of the present Hungarian state and political machinery.

The process of building state power on struggles of public opinion and on public consensus was able to take place in West European countries in the second half of the 19th century only because state power became more and more "split" structurally and the highest strata of state power became destabilized through being connected to the political changes of society and, on the other hand, the administrative apparatus that implemented the state's forced measures directly was more or less freed of politics: its personnel was appointed on the basis of qualification, it was changed to a career profession, and the administrative service was put under extensive control. This forced apparatus, thus neutralized and legally tamed (which was expanded more and more in the 19th century with the organizational apparatus of education, health and social politics), could become submitted, through the construction of a government reporting to the parliament, to state and political committees which were bound to the public consensus and which were constantly changing according to the changes of this consensus.

Although this seems simple in every-day thinking, for we have been learning in grade school about 15 March and the 12 points for many generations, in reality this is a very complex construction, and a host of changes must be made in the structure of state power to make it work. By way of a striking example, let us imagine an effective army, led by a corps of professional generals and officers; the given minister of war above them (who may be swept away every 6 months by governmental crises) must really be able to control the active corps of professional generals and their concepts of army development. And, after a more radical change of government, the war policy of the new government may even take a 180-degree turn, and the new minister of war must adapt the martial soldiers' strategic concepts accordingly, like a plaything.

Max Weber, who observed the problem of the state split into public administration and groups of par excellence politicians already before the turn of the century,

stressed the role of standing and investigating committees within the parliament in trying to bridge over this problem. For the politicians of the potential future ruling parties of the government are present here as well—as parliamentary representatives of the opposition parties—who, although they cannot yet have a voice in the work of the ministries, can get familiar, as members of the standing and investigating committees, with the details of ministerial daily work and, in the possession of detailed information, can develop their alternative concepts with regard to the political policies of the functioning state machinery (Weber, 1970, pp 430-435). "Jumping in" as a minister is realistic only if alternative groups of politicians trained for this already exist. Thus the problem here, too, is the same, namely, that if the functioning state power does not have an alternative structure yet and does not allow parliamentary representatives to organize themselves into opposing political trends and to socialize themselves into professional politicians within the parliament, which takes a considerable amount of time, then the chances of a political reform without an explosion will diminish.

Another side of this thing is that the continuously functioning top administration must at the same time become obedient. It must develop, by inclination, into a neutral machinery which leads and organizes the subordinate administrative and forced apparatus according to its discretion and which allows itself to be smoothly re-programmed after a radical change of the ruling party in the government. The experiences of civilian politicians of Latin America in their struggle with the military indicate how difficult it is to implement this scheme.

In the socialist political systems of Eastern Europe the stabilization of state power was not accomplished in this manner of "splitting." Instead, state power was stabilized here as a single body. There is no administration here which is separated from politics, which can be re-programmed for any political priority and from above which a change in public opinion may sweep away the given political leadership at any time without endangering the stability of the state power's constitutional framework. Here the stability of the functioning power mechanism is tied to the unchangeability of the top. Indeed, according to East European experiences to date, a stable hierarchy must be set up even within the top, and this power mechanism can be really stable only through the immobility of the supreme leader.

A really simple organization of this kind of stabilization of state power can be accomplished after a social chaos (lost war, revolution, etc.). At such a time the top power does not inherit but rather selects the top leadership of the forced apparatus by itself and at the same time the top power and the state machinery as a whole become stabilized together. They fuse together like two chemical compounds and the decisive points of the functioning state and power machinery are under the direct control of, or are inseparably bound to, the top power. On the

other hand, the individual apparatus of public administration and force are not self-organizing; instead, the supreme power, which is integrated into their tops, plays an active role in their organization.

Once it becomes stabilized, this organization is rather simple and free of "preconditions." As long as the circle of persons of the supreme power and, within that circle, the hierarchy of power that converges on a single person, is able to remain unchanged, state power, which has once been stabilized, may function smoothly for a long time. It has a few fundamental limitations, of course, which it can avoid in this form only through more or less unexpected luck. One of these limitations is that it cannot become complex enough. Top leadership, and the hierarchy within, must remain unchanged even in terms of individual persons, and the top power, which has once been stabilized, can hope to achieve this only through a tight control over the individual apparatus of public administration and force. It may become necessary in this power system to keep the reins even tighter, perhaps to assume direct control over the force apparatus by the top of the power hierarchy, and to exercise a complete control over the entire administrative apparatus by the same, especially when there are bigger-than-average pressures in the given society as a whole. A historical example of this is the setup of all East European political systems of the 50's; but the centralization of the entire state machinery into the hands of the supreme leader really happens when, in addition to this crisis situation, the supreme leader's preponderance is also threatened even within the top of power. Either because he is morbidly suspicious and thus does not even try to build lasting and expected steppingstones within the top of power, or because the given society is on the brink of collapse to the point where the emergence of new candidates, coming from the ranks of the top leadership and competing for the top post of the hierarchy, becomes probable.

In the case of Stalin, the latter situation was combined with his personality which included a profound suspiciousness toward his subordinates on every level of power when he exterminated every representative of top power who could be suspectable of autonomy and when he ultimately liquidated the corps of officers of his army in the period of the world war's outbreak. However, this possibility is an ineradicable part of this manner of the stabilization—and consequent frailness—of power. Today's experiences are also indications of this if we look beyond our borders toward the East. There the acute economic crisis reached such a point that the highest levels of the power hierarchy think that the only possibility to maintain its power machinery intact is the permanent replacement of its direct subordinates and the crushing of every sign of autonomy. This entails, what is even worse, the recruitment of an excessive apparatus for this control, in which selection is based exclusively on pure loyalty and the professional inefficiency of which thus pushes society towards even deeper crises—and towards an expected social explosion.

Beginning with the 60's, most East European political regimes were successful in avoiding this structurally inherent possibility. It has been more or less a matter of luck that the Hungarian political regime was especially successful in implementing a consolidated coexistence of the top of the supreme power (i.e., an indisputable hierarchical superiority within this circle) within the limitations of the system by eclipsing selection based on pure loyalty in the individual administrative apparatus, and thus expertise (combined, of course, with conformity) became the main criterion of selection for the top positions of the state apparatus.

The post-1956 political regime almost surpassed itself. It actually implemented what is structurally inconceivable in centralized political systems whose top power is firmly tied to personalities, namely, the top of the hierarchy is unquestionably immobile and still, various political strategies can follow each other, with periodical shifts in economic policy, cultural policy, farming policy, etc. And these shifts also indicate a connection with changes in public opinion.

The institutionalization of society's political plurality as a "plurality of apparatus" can be looked upon as something familiar. However, the aspect that is of interest to us is that certain parts of the state and political apparatus (and perhaps the top strata of the enforcement apparatus as well?) absorbed the great social and political alternatives directly and, amidst political struggles with each other and amidst finding compromises (without public awareness), transmit the distilled drafts of state and political decisions to the top of the supreme power. Even a ministerial official of the lowest rank can have his own "autonomous policy" in this plurality of apparatus; he can enthusiastically advocate this or that alternative and can look for allies among officials and chiefs of department of the same attitude at each ministerial main departments, perhaps at other ministries and at sub-departments of party centers, to bring it to victory. The political representation of opposing public opinions is in this form appropriate to the system, it is compatible, in this form and within our present political system, with the stability of the political system as a whole, i.e., with the stabilization of the top power which is firmly connected to a definite circle of persons.

In summarizing this problem, then, all of the positive results, all the liberalization, pluralization and the connection of the top power with public consensus, which the Hungarian political system tried to achieve from the late 60's on, came about not by the establishment of a separate system of political institutions above the centralized and legally tamed administration, putting politics into the public domain; instead, a state and political apparatus, which takes part in politics directly and which is split from within, is functioning under the top of the power hierarchy which is immobile but receptive (can be convinced) to various political concepts. This whole thing (the entire machinery of state power and the "pluralism of apparatus" built into it) will remain stable

as long as the supreme position is the same even personally. Although there are in today's Hungary stable forms of finding political compromises behind the public's back, but this whole thing is inherently based on the undebated relations between the supreme positions of the power hierarchy and its direct environment.

The compromises of the background pluralism may lose their footing at any time when there is a change of personalities.

Thus in outlining the conditions of the ideal constitutional state, the concept of reform fails in comparing the basic structural characteristics of the power system that actually exists in today's Hungary with the characteristics of the state power machinery that remains stable even with changes in the political leadership. Our short outline will perhaps reveal that the two are diametrical opposites of each other. The organization of society as a whole and the stability of the political system itself could be satisfactorily institutionalized only if we progressed steadily toward the model of public administration that is legally controlled and separated from direct politics and if it would be possible to stabilize the state machinery within the abstract framework of constitutional law and under a political leadership that can be changed through consolidation. The speculations of political science must concentrate on the series of changes that takes us closer to the ideal conditions, without losing sight of the characteristics of our functioning state machinery; this mental effort may not be enough for the success of political reforms but it is indispensable.

The Necessity of Political Reforms Based on Compromise

These background relationships, outlined here, were the important things for me as I was trying in the past years to outline a concept of political reform based on compromise (from the viewpoint of the ideal conditions of the constitutional state). For society's greater and more open involvement in politics, I think that it would be wiser at the beginning to avoid the ways of developing a political will that are based on the direct election by the masses of millions; instead, today's forms of political plurality, which excludes the public, should be institutionalized openly within a second parliamentary chamber that is based on delegations from organs representing political interests. In this solution, we must give up in the first phase the principle of unrestricted jurisdiction of the national organ of popular representation, and our planned corporate chamber would be the main organ of state legislation and administrative control, restricted to jurisdictions defined in a taxative listing that is laid down in the constitution. This would make it possible to stabilize the division of power between the present central party organs that embody the logic of power and the political corporate organs that are based on open public debates and political struggles—led by the corporate chamber. At this time the institutionalization of the political factions could begin on the basis of the second

parliamentary chamber, parallel with the depolitization of the top administrative and force apparatus, making them reprogrammable through legal control. This gradual reform alternative would perhaps give us a chance to bridge the wide gaps between the stabilization of the present state machinery and that of the ideal state machinery through a reform indeed and not through an explosion.

It could be attempted, of course, to build these compromises into the political reforms in other ways. In his recently explained concepts, Istvan Schlett does not wish to avoid the direct connection, based on several millions of constituents, between the top of state power and the open formation of social-political will. In his concept the compromise is given a place by eliminating definite subject matters (the question of belonging to a federal system, or contesting the party's leading role) through the jurisdiction of open public politics, and contesting these subject matters would entail their pronouncement by a future political party as unconstitutional and their exclusion from the election campaigns. (Schlett, 1987) According to my judgment, however, it is technically more difficult to incorporate the compromises made toward the present logic of power into election campaigns based on the direct movement of masses of millions than into the delegations from the corporate organs outlined in my proposal. Of course, while in this version the rapid elimination of compromise would endanger the reforms that avoid an explosion, in my version the chief danger is perhaps that the institutions that safeguard the logic of the existing system would, after the initial phase, block the way of political reforms and would also make the already established corporate chamber formal. But since our present social organization as a whole is inefficient (the inefficiency of our economy is only the tip of the iceberg!) and the lack of political reforms block reforms in the other social spheres as well, there is a great probability that the resulting accumulation of social tensions will, at this time, too, lead to an explosion.

Stratification and Functional Differentiation

We can bring to light another important relationship under the heading of concept of political reform if we draw a parallel between the functional differentiation and stratification differentiation of modern societies. Borrowing this differentiation from Niklas Luhmann, I would like to stress here that while certain fundamental aspects of our present social structures are still based on stratification differentiation, the ideal conditions of the constitutional state behind the concepts of political reform precondition society's functional differentiation. In stratification differentiation, one or another social stratum, for the purpose of carrying out one or another basic function, will be separated from and connected to the carrying out of that function. The recruitment considered for the carrying out of the function is possible only within the given strata. On the other hand, in functionally differentiated societies, the barriers

between the strata are, from the aspect of filling the functions, eliminated; anyone can be considered for any position, although, for the filling of the individual positions, separate mechanisms of evaluation and rewarding are established together with specific socializational models and mechanisms of recruitment, selection and training. While in the former the functioning social structures are fixed in terms of the individuals occupying the positions, and their continuity is based on the successful co-optation of these individuals, in functionally differentiated societies the social structures become stabilized in an abstract manner, separate from concrete individuals.

In early socialist societies, this stratification differentiation became stabilized at a few fundamental levels; however, from the aspect of political power, this form of differentiation was a special characteristic of theirs for a long time. This could be summarized in simple terms by saying that it was basically this way in which political power was able to become stabilized, and the degree to which the social sphere that was carrying out all other functions was under the strict control of political power, was the same degree to which the filling of the more important functions of the individual spheres was characterized by this.

In comparison with the other East European countries, Hungary was able in the last decades to establish the autonomy of the individual spheres to a much greater degree, and this increased the possibilities of recruiting according to the functional differentiation. All of this established from the 60's on a double principle of selection in most social spheres, and, in addition to a mere loyalty to the political power, the candidates for the more important positions must also pass the screening of the evaluating mechanisms of the individual spheres. There are, of course, great differences in the individual spheres in the dominance of the two disparate principles and, although the devaluation of documents proving loyalty was most extensive in the economy from the aspect of filling the top positions, one will be surprised even here at the extent of it.

Thus, from this aspect, Hungary's social development of the past 30 years could be described as a progression in the 50's of the gradual repression of the most extensive principle of stratification differentiation towards the positions of political power and then, within that and going upwards in the hierarchy, towards the supreme circles of the top power. (It is a paradox that this was made possible precisely by the personal immobility of the supreme top!)

The ideal conditions of the constitutional state, kept in view in the concepts of political reform, would only make this complete and, consequently, would divide society according to functional differentiation. Anyone could be considered for any function if he could pass

through the screening of the evaluating mechanisms which are developed for the given function and are institutionalized in an abstract way.

The problem here is rather that the gradual emancipation of the individual social spheres from the organization based on the principle of a mere loyalty to the power was insufficient for the revival of efficient autonomous evaluating mechanisms and for the organization of these spheres around them. Hungarian economics was adequately developed for showing, already from the early 70's on, the preconditions necessary for the organization of the sphere of production and consumption according to market rationale, and then it was possible to begin creating these conditions. (If the state is merely pushed back from here, self-organization still will not come about by itself) But the same is true of the sphere of the university and science as well as the sphere of education. In our earlier studies we tried to indicate how many changes would be needed and how many obstacles stand even in the way of the scientific sphere, completely emancipated from political loyalty, in organizing its mechanisms of recruitment, rewarding, promotion and sanctioning around an autonomous evaluating mechanism. (Pokol, 1988) Political reform, although it is an indispensable prerequisite for reforms aimed at the self-organization of the individual social spheres, is in this form still no guarantee that, after the discontinuation of political loyalty's principle of (contra) selection in the university spheres, in science, in education, in art, etc., selection will be done, under the present conditions, according to their internal mechanisms of evaluation indeed.

Political Pluralism—In Terms of Social Theory

Political pluralism is a central idea in the concepts of political reform. It was an ideological event of the year 1987 when the legitimacy of the use—indeed, the real existence—of this concept was acknowledged even by official ideology. But we can adequately assess its actual significance only by going beyond the limited viewpoints of political science and by trying to reconstruct the relations indicated by political pluralism on the broader plane of social theory.

Pluralism may be defined on this plane as another viable version of the presently functioning social mechanisms, and it may be related to a whole series of phenomena that go beyond politics. This aspect of existence is called the contingency of modern social mechanisms by Niklas Luhmann. (Luhmann, 1970, p 173) The essence of this is that there is already something that is functioning (state policies, production technologies, etc.), something in which we believe (truths, ideological theorems), something that is made to comply with even by force (legal regulations) and, at the same time, the institutionalized competitive party programs (presently still in opposition) show up on the horizon as alternatives to state policies, namely, the alternative scientific statements

alongside with the accepted scientific truths; the ideologies outlining alternative views of the world alongside with the dominant ideological theorems; and the alternative proposals of statutes stuck in legal journals and codifications alongside with the existing statutes.

Another characteristic of the social structures functioning in the shadow of the institutionalized alternative is that they developed mechanisms which make it possible to make a smooth change from the existing operation to the alternative operation. The periodic parliamentary elections sweep out from time to time the politicians of the government party who embody the existing state policy and, in order to make it state policy for a while, give the helm in a consolidated manner to one of the institutionalized oppositional party programs which is suspended on the horizon; in science, the abolishment of the power hierarchy and the equal treatment of the scientists make the accepted scientific truths refutable at any time and thus it becomes possible to establish a consensus with regard to the new scientific truths; and the constantly operating legislative machinery may at any time invalidate the present compulsory statutes, enacting the alternative statutes that are waiting suspended on the horizon. A short summary of this aspect is that the social structures thus established are based on change to begin with. The contingent society is characterized by state policies that are valid until the following election, by accepted scientific truths that are valid until they are refuted, by statutes that are in force until they are repealed, and by marriages that are valid until divorce.

Once such structures built on change become stabilized in a society, then society is able to perceive the accumulating tensions without explosions and can look for possible solutions by choosing from alternative therapies. But the joint stabilization of these is extremely difficult, especially in the case of state power, the ideological sphere and science. In societies that are stuck on a lower evolutionary level, legal norms must appear as unchangeable laws of nature without alternatives, truths and beliefs must be self-evident, and state government must be unchallengeable so that the existing structures can remain stable in their function. On the way toward modern societies, the burning of books (or, for a while, of their authors) and their subsequent mere banning, the inquisitorial persecution of alternative views, the domatization of truths, etc., is understandable as the self-defense of a society that is incapable to accept change: nothing can be otherwise, it should not even be imaginable!

Progressing toward Europe's more eastern regions, the traditional societies there, in which nothing could be changed through conscious efforts, were worn out by absolute monarchies and, in more modern times, by political dictatorships. Iron-handed rulers and dictators smashed the adherence to traditional production, the "ancestral" statutes that were accepted and considered untouchable, and the territorial particularities and

immobilities. Everything became changeable (under the maintenance of central control, of course), with the exception of state power itself that created the changes and those social spheres in which the possibility of creating alternatives against the immobile state power existed, namely, in the ideological sphere, in art and in science.

The scope and extent of Stalinism's value of modernization was limited to the scope and extent to which it destroyed traditional immobility. (Let us now include the price in parenthesis: the brutalities through which he did this.) But the problem in this destruction is that the mechanism of change was put not into the social subsystems that were establishing autonomous logics but into the hands of state power. Changes in statutes that are more rhapsodic and more rapid than those produced by Hungary's top state officials of the 50's cannot even be imagined; it is hard to imagine a change that is more arbitrary than the one we effected at that time in farming when production could be re-programmed from sugar beets to oranges and then rapidly to cotton, even before the crop ripened.

In a society that is remodeled for change by an iron hand, the consequences of the unchangeability of state power, which is at the core of every operation, become more and more evident. Everything became changeable, but everything lacks initiative. This way of modernization killed every possibility of autoguidance in the individual social spheres; such a society will simply collapse without the active organization by the state power. The resulting instability strained society's endurance to the utmost. Thus the unrestrained changes rapidly came to an end and, beginning in the early 60's, the main problem in the East European societies has been, and still is, that the state (society's abandoned actor) is unable to enforce its concepts of change except on paper, i.e., these, half-implemented, are derailed because of the moment of inertia, many a time only increasing tensions.

Thus, from the aspect of social theory, the requirement of political pluralism, which is sought through political reforms, can be defined as one of the sub-cases of a more general social contingency, namely, the building of state power in a way that will allow it to function in a stable manner and at the same time to tolerate on the horizon the suspended institutionalization of alternative state policies manifest in alternative party programs, so that in case of social tensions it will be possible to change to these in a consolidated manner.

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9414/08309

Alternative Military Service Discussed 25000171b Budapest UJ EMBER Hungarian 10 Apr 88 p 2

[Text] In recent times, discussions regarding military service and the mode of service have become more lively. The Presidium of the National Peace Council also wanted to contribute to the constructive and responsible debate: providing an opportunity for a mutual exchange of the different views, approaches and standpoints, for an open exchange of opinions.

So it came to a discussion on 17 March, attended by representatives of the Ministry of Defense, the Hungarian Institute of Foreign Affairs, the State Office of Church Affairs, the Hungarian Communist Youth League Central Committee, the peace group 4-6-0, and the Sociological Specialty College of Jurists of the Eotvos Lorand University, in addition to several members of the Presidium of the National Peace Council. On behalf of the churches, Jozsef Bakonyi, church director and Zoltan Aranyos, chief counsellor of the Council of the Reformed Church were present.

The participants of the discussion repeatedly referred to the March 14 parliamentary meeting where, referring to the suggestion by Laszlo Paskai, primate, archbishop of Esztergom—"to make possible the introduction of alternative military service for certain groups of young believers"—Karoly Grosz, prime minister, declared that "the authorities involved are studying the possibility of a solution and it is expected that the manifestation of mutual interests will be reflected in the decision." It was concluded that this involved, complex problem—which has not only political but also religious, moral and social aspects—requires a new approach. They acknowledged that armed military service, as a citizen's duty and the voice of individual conscience may create conflicts for some individuals. At the meeting, the merits of the divergent views were debated: a unified concept failed to develop and, therefore, they want to continue joint

deliberations in a democratic form similar to the present one. At the same time they concluded that for this problem there is a solution acceptable to everyone which is in tune with our societal interests and the obligations of our country to our allies, and at the same time does not create an unresolvable conflict with the conscience of the individual. Several concrete proposals were made for alternative service and these will be referred to the appropriate state authorities.

2473

Continued Official Review Restricts Independent Publishing

25000171a Budapest OTLET in Hungarian
14 Apr 88 p 11

[Excerpt] In our country, corporate bodies can request and receive autonomous publishing rights from the Chief Directorate for Publishing of the Ministry of Culture. For example, such licenses were recently obtained by the Optimum Organizational and Computer Technological Small Cooperative, the Mentor Enterprise- and Trade-Organizational Small Cooperative, the Gutenberg Printing Trade and Advertisment Organizational Small Cooperative, the Goncol Enterprise, the Origopress Small Cooperative, the Irisz Small Cooperative, the Maecenas Cultural Small Cooperative and the Garabondias Small Cooperative.

As we have learned at the Chief Directorate for Publishing, the awarding or obtaining of publishing rights—among those entitled to it—in practice depends only on administrative speed (?), thus the Antiqua, Szabad Ter, Harsona, Laude, Novorg-Kerszi, Stadium and the Szimbiozis Business Association will also be granted autonomous publishing rights in the near future.

After the license had been obtained, however, the Chief Directorate of Publishing invariably will have to concur in the publication of every single book. This office also keeps an eye on whether the publishers adhere to the provisions of the press law and the constitution.

On the other hand, there is no limit placed on the number of copies published. Moreover, in accordance with regulations currently in effect, it will also fall within the authority of the publishers to set the sales price. This is a consequence of the lapse of the regulation according to which the Chief Directorate for Publishing could have a voice in setting the price—within certain limits—because, as it is known, books also became products freed from price control.

2473

Nyers Proposes CEMA Free Trade Zone
25000203 Budapest MAGYAR IFJUSAG in Hungarian
6 May 88 p 30

[Interview with Rezso Nyers by "bodzaban": "Free Trade Zones? Rezso Nyers on Opportunities Available to Small CEMA Countries"]

[Text] Cooperation between Central European states has been a long-standing desire; from time to time various conceptions concerning free trade, and the harmonization of economic work emerged. By now we know that toward the end of the 1960's, simultaneously with the launching of Hungary's economic reform there were also endeavors within CEMA aiming for more independence on part of the small countries.

What was the essence of these endeavors, we asked Rezso Nyers, secretary of the MSZMP CC 1962-1974.

[Answer] I would begin by saying that in earlier days the common characteristic of the economic reforms of Poland in 1956, and of Czechoslovakia and Hungary in the late 1960's was that they were seeking the place of small socialist countries within Europe, and in the spirit of the 20th congress they also sought ways by which they could cooperate within an improved economic system with the Soviet Union and with the rest of the member nations under conditions of independence, and in a manner different than before.

[Question] Who served as the catalyst in the late 1960's?

[Answer] The Polish party leadership. At that time Poland was not attempting to achieve internal reform. Instead they tried to reform CEMA. In my judgment the lack of internal reform contributed greatly to Gomulka's downfall. Related to the Polish effort was the Czech party leadership in Dubcek's times. With Dubcek's downfall, however, the Czechoslovakians dropped out. The conception included the idea of drawing the GDR into the effort, but as it turned out the East German party leadership sought opportunities for renewal in different directions. Thus, in the end, we may talk about a Polish-Hungarian idea.

[Question] What was the essence of that?

[Answer] We sought an answer to the question of the way in which small nations could play a greater role within CEMA; new cooperative ideas were similar to those practiced within the Common Market. Stated accurately, at issue was how it would be possible to offset the effects of the Soviet bureaucracy which stifle the economy and retard innovation. This issue was most clearly stated by Gomulka. We did not discuss this matter, but actually we agreed with it. The then-Polish party leadership also weighed the possibility of whether to make a recommendation to remove CEMA headquarters from Moscow and whether the economic integration should have a general secretary from a country other than the Soviet

Union. At one point Peter Valyi was specifically recommended for this post. These two conceptions, however, did not even become part of the recommendations.

[Question] What became of the fate of these initiatives?

[Answer] We debated these issues at the 1969 CEMA general meeting. By then no one supported the Polish-Hungarian proposal. Thus Brezhnev's Soviet leadership easily disarmed this attempt. True, there came about a resolution that was dualist in character because it included a provision requiring an examination of the possibility of establishing a convertible currency and commerce based on market foundations. But the need for joint planning carried more weight within the resolution. And then later, in the course of implementing the resolution the Soviet leadership forced that part of the resolution which contained the directive principles.

[Question] Does the independence endeavor have any grounds today?

[Answer] In my judgment it does. Last fall at a CEMA conference in Moscow I suggested that it would be worthwhile to realize a free trade zone within the economic integration. At present I envision an opportunity for this with the participation of Hungary, Poland and Yugoslavia. The special zones within the Soviet Union—the Baltic states, and the Ukraine—could be connected, and later Czechoslovakia could join. Soviet scientific circles were not opposed to this idea. But for the moment, this suggestion represents my individual opinion only.

12995

POLAND

POLITYKA Weekly News Roundup
26000393 Warsaw **POLITYKA** in Polish
No 22, 28 May 88 p 2

[Excerpts]

National News

The election campaign. On 20 May, the deadline passed for submitting electoral lists to the electoral commissions by the collegiums. The commissions verify whether the lists are correctly compiled and, if so, register them. The Voivodship Collegium in Warsaw drew, from the voivodship list and 48 district lists, a list of over 470 candidates for councilmen, who will run for 200 slots (74 persons were members of the Capital People's Council to date). Also, on 20 May lists of voters were made available in the district wards of electoral commissions.

TRYBUNA LUDU ranked the voivodships on their efficiency in management, based on GUS [Main Statistical Administration] materials. Without a doubt, the Capital City voivodship is "the leader of 1987." It

obtained the most favorable results (an 8 percent increment in labor productivity; a 17.7 percent profit margin, the national average being 15.5 percent; a profit of 779,400 zlotys per person employed; a growth rate of production in key industries two times higher than the average—6.4 percent). Two voivodships, Wroclaw and Pila, rank behind the "leader." Lomza, Bialystok, Przemysl and Nowy Sacz voivodships bring up the rear.

ORBITA is the name of a Polish-Soviet publishing company, in which the "Prasa-Ksiazka-Ruch" Workers' Publishing House and the association "Soveksportkniga" are partners. The company, the agreement on which was signed during the International Book Fair in Warsaw, will engage in promoting books in the markets of both countries, as well as in those of third countries.

A statement of the PZPR CKKR [Central Control and Auditing Commission] on the case of former leading functionaries of the PZPR Voivodship Committee in Krosno. Severe party penalties were meted out to Henryk Wojtal, former first secretary of the Voivodship Committee (a reprimand with a warning, a ban on holding an elected party office for 3 years); Henryk Drozdowicz, former member of the Voivodship Committee Secretariat and chief of the Chancery of the Voivodship Committee Secretariat (a reprimand, a ban on holding an elected party office for 3 years); Jan Siwecki, former deputy chief of the chancery of the secretariat (a reprimand) and Stanislaw Kedzierski, former employee of the voivodship committee (a reprimand with a warning). Among other things, the statement reads: "Party affairs proceedings before the CKKR revealed that evaluations of the socio-political situation at the enterprise (Carpathian Foreland Oil Refinery in Jaslo—editor's note) presented by the former first secretary of the Krosno Voivodship Committee and accusations levelled at its director and some individuals in its management were not objective, but were partial and prejudicial to them. They failed to acknowledge the results of state and ministry inspections and the opinion of the PZPR City Committee in Jaslo. The CKKR found that statutory principles of impartiality and intra-party democracy had been violated; the right of a party member to defend himself had likewise been abridged. As a result, incorrect party and cadre measures, damaging the party, had been taken by the Executive Board of the PZPR Voivodship Committee. This was emphasized in critical articles carried by, among others, GAZETA KRAKOWSKA and POLITYKA. POLITYKA reported on this in issue 36, 1987. (In December of last year, the Executive Board of the PZPR Voivodship Committee in Krosno reinstated a party endorsement for director of the Carpathian Foreland Oil Refinery, Zbigniew Balik; from 1 January of this year, he has been discharging the responsibilities of director again).

"Seaside Charms for the Rich Only?" is a title from EXPRESS WIECZORNY: a two-week vacation for a family of four will cost between 140,000 and 200,000

zlotys. Almost everywhere in Poland a summer vacationer has to pay at a minimum 2,000 zlotys for room and board without any luxuries. Compared to last year, prices went up by about 30 percent.

Jan Glowczyk, member of the PZPR CC Politburo and secretary of the PZPR CC, on the thinking, critical majority concerned with the country's affairs, in his speech in Piotrkow Trybunalski: "This majority should be given a permanent voice, in order not to call on it only in emergency situations. It is a challenge for the party and allied political forces to carry on the policy of democratization in a bolder, more open manner. This means primarily looking not only for better ways of managing society, but rather governing together with society. Together with all of its groups, including the ones which are still keeping their distance from political life."

A railway accident in Pila left 10 soldiers dead and 16 wounded.

The use of cordless phones without the consent of the Institute of Communications may cause the user to have his telephone disconnected. Cordless phones must conform to the standard in effect in Poland.

Registration of the KIK [Club of Catholic Intelligentsia] in Czestochowa. On 9 May 1988, the Club of Catholic Intelligentsia was registered in Czestochowa. Previously, the KIK operated in this city during the years 1980-1981. However, under martial law it was first suspended and then dissolved.

On the Left

Soviet TV broadcast a documentary, released after 8 months of sitting on the shelf, entitled "The Trial," in which opponents and adherents of Stalin made statements—old Bolsheviks, historians and people subjected to repressions during the period of personality cult. Among others, the widow of Bukharin stated that she considered Stalin a criminal, while academician Medovar said that "instead of wasting time and talking about how to catch up with developed countries, people had to be forced to work; persuading them would not have helped any... This was the only way."

Commander of Soviet troops in Afghanistan, Gen. B. Gromov at a press conference:

[Question] Was the positive response to the December 1979 request by the Afghan Government a mistake?

[Answer] No mistake was made. All troop movements were most correct, because the goal was to put a stop to the criminal terrorist activities of the opposition.

[Question] Could you have achieved a greater success?

[Answer] From the strategic point of view, we did not set this goal. [Question] What are the losses of the Soviet army, which, according to some assessments, has been forced to retreat?

[Answer] This is not a retreat, but a successful completion of the mission and implementation of the Geneva agreements. Not one unit yielded to the enemy—ever. The rebel losses have always been much higher. Statistics will be released officially at a later date.

In Budapest, the first trade union, independent of the Central Council of Trade Unions, was founded under the name Democratic Trade Union of Science Personnel (TDDSZ). Its founders declare that the union will maintain contacts with the Hungarian Central Council of Trade Unions.

The editorial board of MEZHDUNARODNAIA ZHIZN' published a discussion on the "blank spots" in Polish-Soviet relations.

Why was the KPP [Communist Party of Poland] the target of particular repressions by Stalin? A statement by the historian I. Jazborowska: "After Lenin's death, contradictions developed between the official line of the Communist International and the line of the Polish communists, because the revolutionary wave began to subside. Directives from the Communist International called for further rapid development of the revolutionary process. Polish communists took a sober view of the situation and a negative stand on this policy, arguing that it was incorrect. They defended their point of view despite Stalin's position and several times got involved in open polemics with him by setting Leninist policy, the Leninist notion of strategy and tactics of the movement, against the Stalinist policy. A group of theoreticians, leaders of the party (Adolf Warski, Maria Koszutsko-Kostrzewska, Henryk Walecki), was removed from leading the KPP; they were subjected to repressions, the same as other functionaries of the party. Actually, Polish communists shared the lot of their comrades, Russians, Ukrainians and Belorussians, with whom they had closely cooperated from as early as the time of the RSDRP [Workers' Social-Democratic Party of Russia].

An overzealous official in the Czech town of Jevicko changed a caption at the cemetery: instead of "pilgrim, stop and listen in silence"—"man, stop." Another, higher-ranking official, changed the word "patron saint" to "the one spreading light" in a poem by the famous poet S. K. Newmann (incidentally, devoted to the October [1917] revolution) distributed to schools. This news comes from a letter to the editor of TVORBA weekly.

Is there considerable discord in the Soviet leadership? M. Gorbachev responds to the question from an American correspondent: "The entire country has become a huge discussion club. It is quite natural that a lively discussion on how to find answers within the framework of perestroika to the questions it poses goes on among

the leadership as well. (...) Presenting our current discussions, i.e., the normal democratic process, as discord in the leadership is a tremendous mistake. It could be that some people would like to see discord, even a schism, to see the Soviet leadership quarrel. This is an entirely different matter. This, however, has got nothing to do with describing the actual situation in our leadership."

9761

**Post-Strike Reflections on Democratic Changes,
Role of OPZZ**

26000407a Warsaw TRYBUNA LUDU in Polish
14-15 May 88 p 1

[Article by Waldemar Mickiewicz]

[Text] The wave of tensions and emotions is subsiding. Here and abroad attempts are being made to comprehend what happened and determine the causes which provoked the May unrest. The need for such reflection and a thorough assessment is unquestionable. Certainly, there will be increasingly greater deliberations on this subject in the immediate future. I do not pretend to exhaust the subject. I want only to call attention to some conclusions which have been drawn from the past weeks.

The first of them is obvious: Normalization should not lead to self-appeasement. On the contrary, it should lead to calm reflection upon what happened. This is the trend which can easily be found in the extensive communique from the last meeting of the PZPR CC Politburo. Similar references appear in the Sejm speech delivered by premier Zbigniew Messner. Everything seems to show, therefore, that some honest conclusions will be drawn from the recent days. Part of them, surely, are the special powers and authority which has already been granted to the government.

But observation of the recent tensions also points to the fact—which the Western press has also underscored—that they had not only a different scope, but also a different character than those at the turn of the 1970s and 80s. Even in the reactions of the political centers which are unfavorable to our country, it could be seen that they, too, realize that this situation is completely different than that of previous years. Primarily because during the 1980s an entirely new system of democratic institutions and instruments arose. Furthermore, there is a coherent concept for making transformations in the functioning of the economy, supported in a general referendum confirmed by a Sejm resolution.

That is why in past days it has become apparent, more strongly and clearly than ever before, that the opposition is not able to develop any real alternative to the socio-economic reforms already begun. As a result, it can only demonstrate its aspirations to govern under the banner of "union pluralism." The union phraseology employed

on this occasion was very quickly deciphered by the majority of the workforces, even in those plants in which strikes or other forms of protest took place.

This happened, I believe, because the reborn trade unions had documented their authenticity long before the recent events, and also during them. They demonstrated a skill in sensing the moods of the workforces and an ability to fulfill their statutory functions. They not only knew how to accurately articulate the economic demands of the workforces, but how to effectively fight to bring about their fulfillment.

Even in the Lenin Steelworks, in the Gdansk Shipyard, and in other plants, long before the strikes and unrest, steps were taken by the unionists to bring about a normalization of wages, elimination of inequities, etc. It may be said that the wave of unrest which swept the country was in large measure preceded by the actions of the trade unions. And although the unrest hastened the implementation of the unions' demands, in none of the striking plants was there a situation in which the union organizations did not perceive the problems affecting the workforces.

Also, OPZZ, in taking an independent position regarding the form of the extraordinary powers and authority, expressed the entirely new aspects and new potentials of the Polish, post-August union movement. Perhaps it should be said at this time that in addition to OPZZ there are over 4,000 different union organizations—plant organizations or organizations which are federations of a group of enterprises.

Thus, during the period of conflicts it turned out that this diverse, reborn union movement proved to be effective and able to undertake difficult labor problems. For example, OPZZ, during the preparation of the draft law on extraordinary powers and authority, was responsible for the reformulation, by the government, of provisions on the draft law pertaining to union powers e.g., the undertaking of collective bargaining.

Have the trade unions emerged stronger from the recent test? It is still probably too early to draw a definite conclusion. But much points to the fact that they did. And despite the fact that the opposition activists, following the example of 1980, strongly attacked the union structures. It is interesting also that they were supported, directly or indirectly, by the diversionary radio stations. This is understandable, since it is precisely the activeness, competence and decisiveness of the trade unions in protecting workers' rights, that prevented the economy from being paralyzed by strikes and total confrontation in the country.

And the "advice" for Poland, expressed outside of or beyond the union movement in the West at this time, was in large measure "wishful thinking."

Here, for example, is what YOMIURI SHIMBUN advises us to do. I chose this newspaper not because its "advice" is original, but because this "advice" comes from Japan, a country where work discipline is so strong and where strikes, or even economic demands which exceed the economy's capability, are simply unthinkable.

"It is not possible to restore the economy without a real reconciliation between the government and the working people. Jaruzelski's government should realize that there is no other solution than to recognize Solidarity and turn to it for cooperation. All other measures will only do further economic damage and worsen the political crisis."

The normally tactful Japanese could spare themselves this kind of advice, particularly since there is more of an excess of participants in the dialogue between the government and the people than a shortage. And the functioning—and probably stronger after the period of tensions—trade unions are themselves able, if it should be necessary for them to do so, to further rebuild their structures and activities—in behalf of the working people and the country in which they live.

The attempts now to comprehend what happened in Poland, the formulation of conclusions stemming from the present situation cannot, in my opinion, fail to consider that underlying the May unrest were the country's real financial problems, or that the consistently created new democratic institutions played an enormous role in preventing a head-on collision, allowing corrections to be made and relieving the greatest tensions. Finally, that the authentic trade unions which occupy a leading place in this system played a major role. And, I believe, they will continue to evaluate and increase their influence on the working people's financial situation.

The Politburo, referring to the Sixth Plenum resolutions, devoted, as we know to the development of democracy, clearly indicated that among the conclusions which the party leadership drew from the recent events, is that in addition to hastening economic reform, more dynamism needs to be imparted to the processes of the development of democracy. And the extraordinary powers, although at first glance this may appear to be a contradiction, should help to hasten changes in this area of Polish transformations also.

9295

Post-Strike Report on Lenin Steelworks Work

Tempo

26000407b Warsaw TRYBUNA LUDU in Polish
13 May 88 p 2

[Text] First a visit to the steelworks main dispatcher. Leopold Rosiek is on duty on the morning shift on 12 May. Every now and then lights flash on the dispatch board. Reports come in from the various departments and sections. Planned repairs are going on.

"How is the work going?"

No change in the cokery—the work is in full swing. 100 percent of planned production. It was the same during the night. The pig iron is flowing better than yesterday. Steel and hot-rolled products are also better than planned. Auto-body sheetmetal and galvanizing have not yet reached full production capacity. Yesterday sheetmetal reached 86 percent and galvanizing 82 percent of planned production.

Those are, unfortunately, still the effects of the recent strike, we are told later by management. It takes some time to reach full production capacity. This pertains mainly to those assortments where work was interrupted, but after all, it also has an impact on other departments. Some have problems with storage, others, e.g., transport, with shipping large amounts of goods.

The greatest obstacle is the shortage of workers. After all, the steelworks for many years balanced on the edge of minimal employment, and there has always been a shortage of approximately 4,000 workers.

They say in the personnel department that under normal conditions, as a result of vacations and sick leaves, the daily absence in the steelworks is 20 to 21 percent. As a result of the strike, vacation leaves rose 2 percent and the number of sick leaves also increased. There are also some unexcused absences and although statistically this is not a large number we must realize that the lack of one crane operator, for example, on a shift, disrupts work. About 75 percent of the workforce is working.

Now in staffing positions which require special qualifications, where we have no replacements, we are helped by metalworkers from Silesia. There are several of them.

Meanwhile, workplaces throughout the country are calling for metallurgical products. Suffice to say, if one of the few thousand types of products produced here is not available, domestic coproduction comes to a halt. Unfortunately, those are the costs of the fact that cold-rolled sheetmetal, for example, is produced only in the Lenin Steelworks.

During my visit the management of Wroclaw's "Polar" said it wants to speed up deliveries and receive sheetmetal with its own transport. The same with other plants, e.g., the automotive industry. "Siarkopol" announced that it would intervene, but unfortunately the steelworks was built with railroad transport in mind. Loading 8 tons on a truck, by the very nature of things, takes much longer than loading it on two freight cars. This, too, is the bottleneck in every unexpected work stoppage.

We go to the steelmaking plant. Since 22 April the planned repairs of converter No 2 are underway. This is a giant undertaking. The workforces of "Mostostal",

HPR, "Montin", and "Electromontaz" have already disassembled over 1,000 tons of construction. Aside from the drive units, nothing else is left.

"We have just begun the basic work on the new construction," engineer Jerzy Chowaniec, operations maintenance head, tells us. This is not only a major overhaul but a modernization. In place of the present converter with a 108-cubic-meter capacity, there will be a converter with a 128-cubic-meter capacity. This will result in a large savings of incombustible materials, because it will increase the life of the equipment from 400 to 600 melts. This overhaul and the simultaneous overhaul of the No 4 furnace, at which 1,500 workers from repair enterprises are working, will cost many billions of zlotys. It will determine the steelworks' production this year and the maintenance of its fixed assets. The workforce and engineering supervision are of the opinion that all of the work will be completed as planned, in 2 months.

Before 1400 the news comes that the amount of metallurgical product shipped out of the combine in the last 24 hours amounted to 14,965 tons. This is not much less than normal shipments a few weeks ago. Statistically, it would appear, everything is in order. But there is a large backlog which must be made up.

9295

Party Daily Offers Chronology of Strike in Gdansk
26000407c Warsaw TRYBUNA LUDU in Polish
18 May 88 pp 1,3

[Text] Gdansk Shipyard. The largest and oldest plant in Poland's shipbuilding industry. Since the day the first Polish seagoing vessel, S/S Soldek, was launched in 1948, over 950 vessels have been built in this enterprise.

The shipyard is known not only for its production. It is also associated with political events: December 1970, August 1980, and now again with another strike lasting from May 2nd to the 10th.

The shipyard, on an average in the 1970s, without regard to the cost of production and with lavish subsidies, sold 30 to 32 ships a year. In a short time, sales of finished production dropped by two-thirds—to 12 to 14 ships, or, as this year, to 10 (although the plan was increased to 11, its fulfillment is questionable).

Closer and Closer to Bankruptcy

The contract entries from the 1970's, the costs of production which exceed state subsidies, the complete severance of coproduction ties on a huge scale (with about 1,500 subconsigners), are only a part of the shipyard's economic and production problems.

In addition, over a short period the shipyard's work force, mainly the workers who are directly involved in building and outfitting ships, shrank greatly, from over 17,000 in 1980 to the present 11,000. Despite the relatively high, although not sensational (as is generally believed) earnings, no one wants to work in the shipyard. Not only in this one and not only the workers. The engineering future of shipbuilding is being threatened. In Gdansk Polytechnic, which has been offering studies in this specialty, for the last 3 years there has been a steady lack of students in the Naval Institute. Various methods are used to try to attract people to the shipyard, including help in solving the most difficult problem on the Coast, which is housing.

The sluggishness of the shipbuilding industry in operating under the reformed rules, which stems from the habit of shipyard personnel (and not just in Gdansk Shipyard) to settle difficult matters by employing the prestige of the industry and outside intervention, meant that when the second stage of reform came, the bank was less and less willing to grant credit. On the domestic market it was necessary to pay subconsigners more and more, often ceiling prices. On the other hand, prices for ships on the world market are relatively low, competition is keen, thus prices obtained by the shipyard are not sensational.

Economic problems in the shipyard intensified. Attempts were made to settle them through half-measures, on credit: wage increases, haggling with the central authorities for larger subsidies and more relief. This did not bring much in the way of results. The PZPR Central Committee required the management (I wrote about this last fall), to be more flexible and expansive in its operations, to create a more efficient work-management system, and to introduce an incentive wage system. Such measures were taken, but they moved very slowly.

Last year the shipyard lost 270 million zlotys in profits due to late delivery of one ship, the second in a series of superferries for the Swedes, the production of which took far longer than the contract schedule permitted (foreign firms were engaged to outfit it). Considerable funds were frozen in the building of a section of the hull of a fourth ferry, on which the Swedes canceled the contract due to a 7-year delay in construction.

As financial difficulties increased, so did the delays in payments for ships supplied to Polish shipowners. The shipyard waited the entire fourth quarter of last year for Dalmor to pay for a B-408 trawler-processing plant. The trawler was already in the fishing grounds and the money had not been received. This year Transocean did not have money to pay the last installment on the completed cold-storage vessel, "Kurpie." What it finally came to, perhaps the first time in the history of Polish shipbuilding, is that the shipyard was forced to seize a ship that it had itself produced.

The situation inside the shipyard is also affected by the situation outside, on the Coast: the atmosphere caused by wage increases, constant problems in obtaining consumer goods, and the horrendously high earnings in various types of companies which—and this is known—also worked on the shipyard grounds and for the same work collected much higher payments than in the neighboring, more financially-solid shipbuilding factories: Remontowka (Repairs) and Northern Shipyard.

Bad blood was caused also by such strange matters as taxing everyone on the Coast during the tourist season by adding, in compliance with a Provincial People's Council resolution, a 10 percent surtax to the prices of certain items regarded as being tourist.

The management, the workers' council, the shipyard trade union, and the PZPR CC, have for a long time not neglected these matters and have tried both jointly and separately to solve the shipyard's problems. Everyone was aware that the mood of the shipyard's workforce was not good. Since the beginning of the year talks were held on instituting, as quickly as possible, a new wage agreement which favors productivity. It was hard going. Finally, in mid-May, the decision was made to put the new system into effect starting 1 June.

Since the beginning of this year, the trade union urged the Ministry of Industry and the Polish National Bank to settle the matter of granting credit to the shipyard. Because this brought no results, on 18 March the trade union sent a letter to the chairman of the council of ministers requesting that conciliation proceedings be instituted in connection with the dispute on granting credit to the shipyard.

In this the union had the support of its own federation and the workers' council. The reply from the ministry came by telex—No 37, on 30 April, promising that the minister would respond by 10 May.

That, generally speaking, is the broad, but I realize, incomplete, economic background of the growing troubles which were exploited for the adventurous, irresponsible and illegal action which took place on 2 May.

Two Issues

Immediately, we should separate two issues: the questions dealing with the wage, social and economic matters of the shipyard's entire work force and the political interests of a group which is illegally striking in that shipyard.

On 1 May, in Gdansk, as throughout Poland, a traditional parade was held. The largest group in that parade, about 40,000 strong, constituted shipyard workers. A few days earlier, the illegal structures of the underground Solidarity organization called for a boycott of this workers' ceremony. This found no response. That day, at 1200, a mass was held in St. Brigid's Church. The

spiritual-religious spokesman for the Gdansk opposition, Father Henryk Jankowski, delivered an inflammatory sermon. After the mass, in the parish yard, a rally was held by some of the participants in the mass. Lech Walesa spoke at this rally, encouraging Coast workers to stand united with the strikers in the Lenin Steelworks.

After the rally, in the neighborhood of St. Brigid's Church, the "egged-on" groups of the "persuaded" initiate street disturbances. After 1500 there is calm in the center of Gdansk. At the same time, throughout the Tri-Cities, 1 May events are taking place, without incidents.

The next day, 2 May, in the Lenin Shipyard in Gdansk, during the morning break in department K-1 (the largest, the hull department)—as the strike bulletin reports—at 0930, a 50-person group of strike initiators is formed.

It is led by Jan Stanecki, not further identified. This group persuades others from that department to join them and they begin to rove through the shipyard calling for a general strike. The rovers arouse interest. They are looked upon a little as sports' fans—some people are annoyed, others express approval.

There is a response, but not as large as the initiators had expected. After 1300 there are about 400 persons and they begin a sit-in at the shipyard gates. On all three gates, on the city side, appear signs reading "sit-in strike." It turns out that some in this "spontaneous" group take red-and-white armbands out of their pockets and put them on. By evening, the group of strikers increases to 1,200-1,500. The remainder of the 8,500 work force, working on the first shift, is indifferent to what is going on and many of them do not stop working.

Demonstrating in front of the administration building, the illegal strikers express their demands. They most loudly underscore their political desires—a reactivation of Solidarity, release of political prisoners, and also, rather incidentally, a halt in price increases.

The management of the shipyard appeals for a stop to the illegal activities. Just before 1400, while the first shift is leaving work, at gate No 2, which has already been decorated with flowers, religious symbols, portraits of the pope, Solidarity signs, and the national flag, Walesa appears. Officially, he is on sick leave. He makes a speech supporting the strike to the crowd that has gathered in front of the gate (about 800 people from the city), the strikers, and those leaving work.

Those who stopped working decide to continue their sit-in. About 700 to 800 persons stay for the night, the rest of the work force goes home.

The second shift begins to work. Those working are on overtime. In the evening Father Jankowski arrives in a new, black Mercedes, delivers a blessing, and gives the leadership group a portable loudspeaker.

It Is Not a Matter of Money

The next day, 3 May, the workers who went home show up for the morning shift. Meanwhile, during the night the strikers organized and elected a leadership, making Alozy Szablewski, former chairman of the factory Solidarity in the shipyard, the strike leader.

The trade union publishes a communique on the results of negotiations with management, at which a consensus was reached as to a wage hike by 14,000-15,500 zlotys. But this involves an expenditure of an additional 200 million zlotys and the need to pay a 100-million zlotys tax on above-norm remuneration. The new system, promised a few weeks ago to the workers, will go into effect on 1 June. It was also agreed that an additional allowance would be paid based on the number of years worked at the shipyard. Other wages-and-allowance standards, and those covered in the Shipyard Workers' Charter, were left for negotiation in the new collective-bargaining agreement. The union requested the Provincial People's Council to repeal the resolution on seasonal surtaxes on prices for tourist and rest services.

Lech Walesa comes three times that day, but does not decide whether he will remain in the shipyard. He makes the excuse that he must attend the 3 May ceremonies. During his 1400 visit, a short public discussion at the microphone develops between him and the chairman of Lenin NSZZ Shipyard Workers, Henryk Koscinski. Koscinski concretely and objectively relates the facts and the efforts of the trade unions in behalf of the financial interests of the workers and the plant. The information on the union activities is greeted with cheers. When the situation becomes uncomfortable for Walesa, he takes the microphone and demagogically returns to the matter of reactivating Solidarity and his own interpretation of pluralism.

Western television crews and activists from the illegal organizations, including Andrzej Gwiazda, appear on the strike scene.

Communiques are announced to the strikers through the loudspeakers: From the regional prosecutor on the illegality of the strike and from the managing director of the shipyard on returning to work and the plant's poor economic situation. There is no favorable reaction to all of the appeals.

Reinforced special riot police troops appear around the shipyard. During the night, 1,200-1,300 people remain in the shipyard.

In some, but not many, plants in the Tri-Cities, leaders of the illegal opposition organizations make an attempt to initiate a sympathy strike. It does not succeed. For example, in Gdansk Port, workers ignored the strike agitator and showed him the gate.

"Assault Groups" Not Successful

On 4 May the situation in the shipyard remains unchanged. The group of strikers does not increase, so attempts are made to extend the range of the strike. Assembly rooms and departments are picketed. "Assault groups" circle the shipyard on electrical carts, exhorting workers to stop working. Other groups are also formed, whose task is to get into the neighboring shipyards, Northern and Repairs. Despite an aggressive, agitating posture, attempts to incite a strike are not successful.

The management instructs everyone except those responsible for maintaining operations in the plant to leave the shipyard grounds. The group striking does not respond. Tadeusz Mazowiecki and Andrzej Wielowieyski, authorized by the episcopate to mediate between management and strikers, come to the shipyard.

But this does not satisfy the more aggressive strikers. Attempts are made to take over the conference hall, the radio network, and the administration building. The entrance to the latter is guarded by a group of shipyard employees, voluntarily assembled.

Walesa arranges a press conference in the cafeteria for the Western press. He says: "...only pluralism, for which we are fighting, is important. Political pluralism. I can shut down the whole country..." Further on, "...until there is pluralism our only position must be one of negation. We want to create democratic structures following the pattern of the West European ones, although we are not talking about capitalism at all."

On 5 May, at night, the plant manager, Czeslaw Tolwinski, decides to suspend production operations in the shipyard until further notice. The present situation makes it impossible for the plant to function normally. Production has been disrupted, the conscientious workers are subjected to brutal pressure and mental terror. The nonstriking employees were given paid leave during the work stoppage.

The announcement on this, made over the radio in the Tri-Cities, reached all of those involved. The manager summoned a group of workers—a few hundred—responsible for maintaining equipment which requires constant attention, to the plant. All of them accepted the instructions. A number of the strikers, after the manager's communique was announced, changed into street clothes and left the shipyard.

About 1,000-1,100 strikers remained in the shipyard. It appeared that they were waiting for action by the plant security force, which would permit them to leave without losing face. At night Walesa decided to stay in the shipyard among the "intransigents." But his status was not defined and Szablewski officially continued to be the strike leader.

The special riot police completely blocked the approach of gawkers to the shipyard grounds. The blockade did not surprise or anger the residents of the Tri-Cities. All of the plants worked normally, although, of course, reports were circulated that others will immediately join the strikers in a show of solidarity.

In St. Brigid's Church, a collection center for donations for the strikers went into full swing. Illegal leaflets were distributed throughout the city, slogans appeared on walls of buildings, the strike communiques reported officially that this is the work of the Freedom and Peace group, adding with some disappointment that other groups are not very active.

In the internal propaganda, i.e., among the strikers (e.g., in the 5 May No 3 communique), the strike committee reports that "a wave of strikes is sweeping the country." Walesa and Romaszewski make an appeal to foreign countries for help for the strikers.

"Universal" demands have already been concretized. A 15,000-20,000-zlotys increase in earnings, restoration of NSZZ Solidarity, freeing of all political prisoners, rehiring of all those fired for their "convictions", and no reprisals against members of the strike committee and strikers.

The workers' council issues an announcement about danger to the shipyard's interests, the threat of its insolvency, the growing production losses which, if not made up, will make it necessary to institute bankruptcy proceedings.

The group occupying the gates is dwindling. Some of the participants of the "wildcat" strike change into street clothing. They spend most of their time inside, but when the sun is shining brightly they tan themselves on the lawns and roofs of the annexes near gate No 2. The strike committee appeals for more willingness to guard the gate. An atmosphere of danger is created by communiques issued every now and then on "attempts to attack" the shipyard by units of the special riot police. For propaganda effect, every couple of hours "shouting" groups are organized.

In the shipyard the management begins voluntary talks with mediators from the episcopate and representatives of the strikers. But it does not recognize the strike as being legal because this would be in conflict with Polish law. Talks were begun with the idea of persuading the strikers to use common sense. These, after all, are workers. Perhaps they were carried away by ambition or were misled.

The talks create an opportunity for agreement. But they bring no results.

At night the manager issues another instruction to the group occupying the gates, that it leave the plant and "thereby bring an end to this purposeless show and reject

the role assigned to you by professional players who want, at your expense, to remind others of their existence. I warn you—says the manager—that if you continue to ignore my instructions and keep up a situation which endangers the existence of the plant, I will be forced to apply other solutions."

The treasury office in Gdansk files three documents in the No. 4 City Branch of the Polish National Bank in Gdansk—executive orders for back taxes due from Gdansk Shipyard for the sum of over 1,260 billion zlotys.

Entry Only for the Chosen

Foreign and church press correspondents are present in the area occupied by the strikers. An attempt by a group of journalists from the Polish press, including the TRY-BUNA LUDU correspondent, to talk with the strikers, ends with refusal. Let us recall that this did not even happen in 1980-1981, when I took part in the Solidarity Congress and in all of the meetings of the National Committee.

Those required to work to maintain operations in the shipyard are harrassed by various methods by the group occupying the plant. It is suggested to the employees entering the shipyard that they are working hand-in-hand with the militia, and their ability to move about the plant is restricted. Those who fail to obey the orders of the strike patrols are escorted out the gate. Attempts to take over the radio and conference hall are renewed.

At the news that the strike in Nowa Huta has been dissolved, many of those striking in Gdansk try to disappear from the shipyard.

The trade union issues another announcement supporting the position taken on 5 May by the OPZZ provincial committee. It says that they are against the activities of pseudo-unionists, which are in conflict with the real interests of the work forces.

The large majority of the people are also against this, as shown by the lack of support for attempts to expand the illegal strike to other plants in Gdansk Province. Such behavior, which is in violation of the law, cannot be tolerated.... A national asset, valued at many billions of zlotys, the achievement of many generations of shipyard workers, may be squandered. We recall the negative results of using strikes for political purposes in 1980-1981.

On 7 May, a "free" Saturday, at the request of Gdansk bishop Tadeusz Goclawski, talks with the strikers were begun (the first at 1500). Once again, those occupying the plant were told of the prosecutor's announcement that none of the strikers will be arrested if they stop the sit-in.

The manager makes two announcements: One, concerning the wage increase negotiated by the union, and the other declaring an intention of goodwill in solving the conflict as quickly as possible.

In addition to representatives of the strikers, Tadeusz Mazowiecki, and Wladyslaw Sila-Nowicki, member of the Council of Ministers Consultative Council, who came to the shipyard, took part in the talks.

The strikers keep saying that they want to end the strike, but in the talks their leaders primarily try to win political issues. The talks end at night and it is planned that they will begin again on 1200 on 8 May.

On Sunday the sit-in situation in the shipyard does not change. Before noon, A. Szablewski said twice to the few hundred people assembled that: "...in our talks with the government the most important matter is the restoration of Solidarity." At 1100, in St. Brigid's Church, there is a mass to support the advocates of the strike.... Father Jankowski delivers an unusually strong sermon attacking the political system and the government of Poland. After mass, a rally on the parish grounds spills over into the parking lot which adjoins the church. Then, to quiet the mood of the crowd, Father Jankowski makes one more speech, this time a moderate one.

At the same time that the mass in St. Brigid's Church ended, the talks between the shipyard management and the strikers, which had been postponed three times, were renewed. Due to the unrealistic political demands and the failure to respect the basic demands of the management, a complete impasse occurred.

Now Only 300-400 Strikers

On the morning of 9 May, the striking group dwindled to about 500. Many others went home. The city lost interest.

After the night talks, at 1400 Walesa called a meeting in the cafeteria. His speech was amplified through the windows. One demagogic argument after another about the importance of this strike, the necessity of striking to the end, the use of police-intervention as a scare tactic, and the promise that if this strike is broken the next one will be organized soon, but better. He fans the flame to continue the disturbances by voicing false information about strikes throughout the country. He condemns those who fled behind the fence. There is a strange report about the passing out of salve for those strikers who suffered sunburns.

After the rally, the shipyard manager makes another announcement: "many stages in the talks produced a compromise agreement. This morning we could all have gone quietly to our homes and families. Mr Walesa's speech in the cafeteria after 1400 proved that it is not a matter of coming to an agreement. His interests do not coincide with those of the workers. He is not concerned

about what happens to the shipyard.... The plant management, in consultation with the provincial authorities, has taken the necessary steps to settle, in a humanitarian way, a situation which occurred as a result of announcing an illegal strike in the shipyard...."

During the night the striking group dwindles to about 400.

Tuesday, 10 May. In the morning, beginning at 0700, cashiers from the various departments draw money for the pay tables. In those places where the cashiers are set up, there is a good deal of traffic. The comments of people drawing their pay are unfavorable to the strikers. Among those who appeared at the cashiers' tables the presence was confirmed of those who should have, in accordance with the declarations made last week, stayed in the shipyard.

The management examines other steps which would persuade the holdouts to end the strike. The last round of talks is under way.

The public transportation strike in the Tri-Cities, which was supposed to take place at 1200, did not occur. The entire Coast, except for the shipyard, is working.

The strike committee rejects another draft agreement. Its demands continue to focus on political issues. The management of the shipyard figures that the losses caused by the work stoppage, which has lasted more than a week, will exceed 3.5 billion zlotys. It is unrealistic to believe that this can be made up under the present personnel and financial conditions. The striking group shrinks to less than 400 people.

The decision, made about 1900, to end the strike and for the sit-ins to leave the shipyard, came as a surprise. Once more, Walesa spoke, saying: "I am sorry, comrades, that we did not succeed. July and August would have been better months. We did not get the support of the country. But we will win anyway."

Not far from the gate, Father Jankowski, with his constant guards, waits for Walesa who is marching out arm-in-arm with Mazowiecki.

At 2050, the shipyard manager issued a communique reporting that the strike has ended and work will begin again on 11 May after the necessary start-up activities are completed.

During the night, after the blockage of the shipyard ended, the operations maintenance services immediately began the startup of normal production. In the morning of the 11th, a communique was published calling upon the entire work force to return to work on 12 May.

Over 90 percent of the employees report for the first shift on Thursday, 12 May. Some of the striking "activists," including Walesa, apply for unpaid vacation leave.

At 1200 on 12 May, as a kind of symbol of work normalcy in the shipyard, a keel was laid under a prototype cannery vessel.

[Postscript]

The difficult 10 days in May has finally come to an end. Or has it? The matter of the shipyard's financial status is still open. Nor can it be ignored that the politician's slogans found an audience among a group of youth in the shipyard. They allowed themselves to be led against the shipyard and against Poland.

The fact that on this occasion certain opponents of the political system once more revealed their true faces is surprising to no one. They have been declaring their ill will for a long time. That they found support among certain people, whose concern should be high moral requirements in accordance with the teachings of ethics, is also not surprising. Neither is it strange that some of the initiators of the strike asked for leaves. It would be hard to look their colleagues in the eyes.

9295

Self-Management Studies Center Tasks Detailed
26000423a Warsaw RZECZPOSPOLITA in Polish
18 May 88 p 8

[Article by (AG): "Training Activists and Propagating Knowhow: At the Self-Government Studies Center"]

[Text] (Own information) (C). The principal directions of activity of the Self-Government Studies Center (CSS) established under the Council of State represent this year the continuation of the work begun last year, and focus on: organization of training to strengthen work force self-government; dissemination of knowledge about self-government; organization and initiation of legal counseling; initiation of studies of self-government and independent research in this field; dissemination of knowhow on the functioning of so-called collective forms of organization of labor; and cooperation between work force self-governments and people's councils.

The implementation of these purposes should be promoted by greater public participation in the CSS and involvement of many academics specializing in the theory of self-government as well as practitioners—worker council activists. Owing to the formation of a team of experts attached to the CSS—economists and worker council chairmen—in addition to its lecturers and legal counselors, the ties between the Center and the enterprises will be strengthened and the influence of worker council activists on determining the directions of its activity enhanced.

The coordinating and inspiring role of the CSS as regards the organization of training in self-government and the dissemination of the related experience is made possible by the cooperation agreements concluded with social

and occupational organizations and other institutions. The substantively and organizationally effective implementation of these agreements is an important objective of the CSS. This is promoted by cooperation with the self-government commissions under the voivodship people's councils, socioeconomic councils in discrete voivodships, trade unions, and the PRON [Patriotic Movement for National Rebirth]. The broadening of the scope of field activities of the CSS requires, above all, support of initiatives intended to establish local centers for self-government studies, which is consonant with the Council of State's resolution of last December.

As regards the organization of the training of self-government activists, the most important task remaining at present is to create a comprehensive system for training members of worker councils, advanced training of lecturers, and the coordination of training activities performed by specialized organizations and institutions. Popularizing the experience in and accomplishments of self-government should best be promoted by a broader treatment of self-government problems in the mass media, the initiation of publishing activities at the CSS, and the conduct of seminars and conferences as forms of exchange of views.

The CSS also is planning to draft an assessment study of the status and prospects of work force self-government and the new trends and problems, especially those linked to the second stage of the reform. This assessment is to be based on the research findings of PAN [Polish Academy of Sciences] institutes, higher educational institutions, research institutes, and opinion survey centers.

1386

PRON Chief, Youth Discuss Election Apathy, Strikes
26000423b Warsaw RZECZPOSPOLITA in Polish
11 May 88, p 2

[Article by (J.T.): "Meeting Between J. Dobraczynski and Young Voters: Revamping Old Mentality"]

[Text] (Own information) (C.). The role of nonparty members in people's councils, the expected effects of the democratization of electoral law, and the present situation of this country in the light of the socioeconomic and political reforms were the main issues considered during the meeting with Jan Dobraczynski, chairman of the PRON [Patriotic Movement for National Rebirth] National Council and the National Electoral College, on 10 May in Warsaw. Participating in the discussion, organized on the initiative of the Warsaw-Praga South Borough PRON Council, were school seniors from that borough who would be voting for the first time, as well as new young candidates for councilmen.

Initially, Jan Dobraczynski offered the reminder that the present situation should be evaluated by bearing in mind the starting point. "To me," he said, "as an old man, the

glitters and shadows of the Second Republic and subsequently the wartime devastation and the postwar toil of reconstruction are not mere history. Nowadays we very readily compare our country with the most developed countries of the West, being desirous of achieving an at least close level of living standards, which is understandable. And yet, how many times we had to begin anew in our history! The present-day economic reform, too, is a kind of opening, a kind of demolition of the traditional structures. But that is not all; what is more difficult is that the mentality of people taught for 40 years that the state is their permanent mentor has to be changed. And yet it is we all who are creating this state. Hence such great need for initiative and enterprise on the part of each of us."

During the discussion, the young voters accepted the role and importance in people's councils of individuals who, while they accept the principles of the Constitution, are not in accord with particular solutions or measures. That is why it appears so important to grant to meetings of citizens the right to nominate candidates. At the same time, they pointed to the absence of information on such meetings, to the failure to publicize them properly, and to the fact that information on the current stage of the electoral campaign is still insufficient.

"How do you view the present situation?" asked a student from the Adam Mickiewicz Academic High School. "Is not it a repetition of the situation of 1980?" he was seconded by a female student from the Boleslaw Prus Academic High School.

The bitterness about the tardiness of the reform and the apprehensions about the excessive decline in living standards can be understood. Still, it is surprising, to say the least, that the strikers are precisely representatives of such occupational groups as metal industry and shipyard workers who are paid relatively the highest wages, answered J. Dobraczynski. Because how can their earnings be compared with the salaries of teachers or physicians? We should bear in mind the old Polish proverb, "The weir fits the pond," meaning that we can only pay what we can afford, we all. The wages are relatively low and incommensurate to needs, and especially to aspirations, but we can emerge from the nadir only by belt-tightening, declared the Chairman of the PRON National Council.

Hanna Foltyń, nominated as a candidate for the Warsaw People's Council, discussed certain of the comments voiced and pointed out, among other things, that interest in the elections still is not very high. And yet the new electoral law has abandoned the principle of automatic voting—now a voter can choose among two or three candidates, without any official preference of one candidate. This means, H. Foltyń emphasized, that we should first get to know those whose names will be placed on the electoral slate on 19 June.

1386

PZPR CC Lecturers Group Meets

26000423c Warsaw *RZECZPOSPOLITA* in Polish
13 May 88 p 2

[Unattributed article: "Conference of PZPR Central Committee Lecturers"]

[Text] The sociopolitical and economic situation in this country was on 12 May the subject of a meeting of lecturers of the PZPR Central Committee, held in Warsaw. An assessment of the situation and the conclusions ensuing therefrom to the work of the party aktiv were presented by Member of the Politburo of the PZPR Central Committee Mieczyslaw F. Rakowski.

The meeting was chaired by Director of the Ideology Department of the PZPR Central Committee Andrzej Czyz.

1386

S&T Office, Education Ministry Confer

26000423h Warsaw *TRYBUNA LUDU* in Polish
16 May 88 p 2

[Unattributed article: "Utilizing the Research Resources of Higher Educational Institutions"]

[Text] The share of higher schools in accomplishing centrally financed research programs was the main topic of the joint conference of the heads of the Ministry of National Education and the Office for Science and Technology Progress and Applications. Agreements were reached on, among other things, the procedure and principles of cooperation to facilitate a fuller utilization of the research resources of higher schools, chiefly the engineering and agricultural ones, for the needs of the economy. As regards basic research, the cooperation will chiefly concern providing higher schools with adequate material resources (equipment, apparatus, reagents, laboratory and workshop facilities) indispensable to expanding their research resources.

1386

Social Policy Issues, Concerns Discussed

26000423e Warsaw *TRYBUNA LUDU* in Polish
17 May 88 p 2

[Article by (LiCz): "On the Poverty Line in Poland"]

[Text] As early as in 1986 about 65 percent of an adult population sample in Poland had declared that they were following a regime of austerity in their family expenditures, and about 45 percent claimed, "We live sparsely in order to save up for other necessary expenses." As to whether the volume of sales in stores, on street bazaars, etc., confirms this poll finding, presented by Professor Lidia Beskid at a scientific conference at the Ministry of Labor, Wages, and Social Policy (PPiSS) last Monday, that is another matter. On behalf of the ministry, Jerzy

Szreter, Deputy PPiSS Minister posed to academics and social politicians the difficult task of calculating the extent of poverty in this country for the needs of the state's social policy, distinguishing between absolute and relative poverty, and deciding on the manner in which access to social services can be provided. A number of specific recommendations on the matter was presented during the discussion.

1386

ZSL Hosts Indian PATRIOT Editor
26000423f Warsaw TRYBUNA LUDU in Polish
16 May 88 p 2

[Unattributed article: "Jozef Kukulka Received the editor in chief of the Indian Daily 'PATRIOT'"]

[Text] On 14 May the Vice Chairman of the Supreme Committee of the ZSL [United Peasant Party] Jozef Kukulka received the editor in chief of the popular Indian daily PATRIOT, V. D. Choper, whom he briefed about the accomplishments of the 10th ZSL Congress and the implementation of its resolutions. He also described the changes taking place in our country and the program for socioeconomic and political reforms, on stressing the role of the ZSL in translating them into reality.

1386

Muslim Ceremonies Noted in Bialystok
26000423d Warsaw TRYBUNA LUDU in Polish
17 May 88 p 2

[Unattributed article: "Muslim Festivities"]

[Text] The Muslim religious communities in this country have ended celebrating the Night of Destiny ("Leilat al-Kadyr"), one of the most important holidays in the calendar of believers in Islam.

In Bialystok was present Stefan Mustafa Mucharski, the chairman of the Supreme Collegium of the Muslim Religious Union, and Aleksander Ali Chalecki, the Bialystok-Warsaw imam and chairman of the Liturgical Commission of the Muslim Religious Union.

1386

Consensus Group Views Literary Situation
26000423g Warsaw TRYBUNA LUDU in Polish
16 May 88 p 2

[Unattributed article: "A Discussion Meeting"]

[Text] On the initiative of the "Consensus" Dialogue Group, in Warsaw was held a discussion meeting on "Literature and Book Publishing in Poland in 1988." The discussion was opened by Professor Marian Stepien and Jan Jozef Szczepanski.

The meeting was attended by about 70 persons, including eminent representatives of both the disbanded and the present Polish Writers' Union as well as publishers. Those taking the floor were: Andrzej Braun, Krzysztof Gasiorowski, Andrzej Grzegorczyk, Jerzy Jesionowski, Andrzej Kurz, Ryszard Matuszewski, Andrzej Mencwel, Wacław Sadkowski, Zbigniew Siedlecki, and Anna Tatarkiewicz.

The discussion touched on problems relating to the status of Polish literature and book publishing as well as on the causes and consequences of the disintegration of the literary community.

1386

ROMANIA

Peoples Council Appointment in Gorj
27000098a Bucharest BULETINUL OFICIAL in
Romanian Part I No 24, 14 May 88 p 2

[Excerpts] On the basis of Article 97 of Law No 57/1968 on the organization and operation of the peoples councils, the President of the Socialist Republic of Romania decrees:

Sole article—Comrade Ion Anastasiu is appointed chairman of the executive committee of the Gorj County Peoples Council.

Nicolae Ceausescu

President of the Socialist Republic of Romania

Bucharest, 14 May 1988

No 66

/9604

State Planning Committee Appointment
27000098b Bucharest BULETINUL OFICIAL in
Romanian Part I No 24, 14 May 88 p 2

[Excerpts] The President of the Socialist Republic of Romanian decrees:

Sole article—Comrade Vasile Bulucea is appointed minister state secretary in the State Planning Committee.

Nicolae Ceausescu

President of the Socialist Republic of Romania

Bucharest, 14 May 1988

No 65

/9604

Peoples Councils Appointments Announced
27000098c Bucharest BULETINUL OFICIAL in
Romanian Part I No 30, 6 Jun 88 p 2

[Excerpts] On the basis of Article 97 of Law No 57/1968 on the organization and operation of the peoples councils, the President of the Socialist Republic of Romania decrees:

Article 1—Comrade Mihalache Margean, director general of the General Directorate for Agriculture in Braila County, is appointed deputy chairman of the executive committee of the Braila County peoples council.

Article 2—Comrade Andrei Lorincz is appointed deputy chairman of the executive committee of the Covasna County peoples council.

Article 3—Comrade Serban-Dumitru Teodorescu is appointed deputy chairman of the executive committee of the Prahova County peoples council.

Article 4—Comrade Emilia Andrunache is appointed deputy chairman of the executive committee of the Salaj County peoples council.

Nicolae Ceausescu

President of the Socialist Republic of Romania

Bucharest, 4 June 1988

No 85

/9604

YUGOSLAVIA

Federal Minister Interviewed on Improving Civil Service

28000120 Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 29 May 88 pp 26-27

[Interview with Dr Petar Vajovic, federal secretary for legislation, jurisprudence, and administration, by Jug Grizelj: "An Administration More Citizen-Friendly"; date and place not given]

[Text] Since the cultural revolution almost completely destroyed the government administrative authorities from the commune all the way to the national level, the Chinese recently called upon the governments of several countries to teach them to establish a new, effective, and up-to-date public administration. They even called upon the Indians to help them by explaining how they organized their public administration in India and how that experience might be used in China. The Indians, according to THE NEW YORK TIMES, replied that their public administration had been set up by the English back in the mid-19th century and in setting it up they had used the principles of the old Chinese Mandarin

organization of government power. There were several lessons in the message: go back to your own models, your own roots, and the experience of your own civilization.

[Question] It was with this anecdote—mainly well-known to the public—that we began our interview of Petar Vajovic, federal secretary for legislation, jurisprudence, and administration, whose efforts over many years to improve the public administration are well-known in professional circles. The question, then, was this: In view of the obvious need to improve its public services, above all the government administration, could Yugoslavia turn to certain of its own roots and achievements in civilization?

[Answer] It is a fact that for decades now we have been neglecting both organization and selection of people to work on public affairs even though this is a very sensitive area. It is a fact that administrative agencies from the opstina to those at the federal level are concerned with matters of "government" since in a conventional administration decisions really are made about rights and interests both of citizens and also of work organizations and communities. The manner in which administrative agencies exercise their part of government authority is directly perceived as the attitude of the state toward the citizen, and if some civil servant at a counter mistreats you, you end up hating the government.

It is likewise true that in the first postwar years, as in all cases when a revolution changes the social system, we carried out a wholesale "replacement" of most of the civil servants in government administration, we democratized it, and we brought in "our own people," those who we could believe would carry out the new government policy. At that time, unfortunately, there was necessarily a marked drop in the professional level, educational level, and even level of civilization of the model of administration which we later never thoroughly examined and repaired. Our civil service was thoroughly "peasantized," it became more rude, and, perhaps most dangerous of all, it began to behave toward the citizen as a "revolutionary government by edict" and "drumhead court." Civil servants in the government administration at that time, be it right or wrong, were above all expected to be "loyal to the party and the people," and the criterion of professional competence was looked at last. Since at that time we had still a more pronounced merger of the party and the government than now, we appointed so-called "political personnel" to all the key positions in the administration, from the administrator of requisitions in the local office all the way to the head of the government administration at the federal level. Unfortunately, we either developed a sweet tooth for that practice or the government has impressed us more and more, and even today we have a situation in which—according to research done by Professor Pusic, member of the academy—in our administration there are 80 employees for every political official in the civil service, while elsewhere in the world it is mainly the custom that there be one political figure heading up

2,000 employees. In our country it is not just the president of the opstina who is a "politician," nor only the "minister," but all of them have the status of "official": assistant ministers and advisers—and this is true almost all the way to secretaries at the opstina level. There is no longer any professional competence to be seen in that dense forest of political officialdom in the administration.

[Question] It has to be assumed, then, that in that politicization we have lost all our historical experience in civilization that had to do with administration, and the way we applied self-management in the administration has probably only poured oil on the fire of "originality at any price" and amateurism in the treatment of an administration in which everything was lost that had been developed and established over centuries. Do you think, for instance, that there would be a conflict of principle and ideology between our model of a self-managed society and a number of rules contained in our earlier laws concerning civil servants which even foresaw the ranking of civil servants by classes, various pay grades, the institution of performance evaluations, automatic promotions and so on? Do you think that we have something better today in the administration: when five civil servants in some work community hold a meeting and evaluate one another and set pay scales?

[Answer] It is true that we have abandoned all the tried and true strategies—which by and large are valid even today throughout the world—and that we have not formulated new postulates concerning the operation of the administration (and indeed was there any need: What does it mean to refer to a self-managing civil servant?), but rather we let everyone do this for himself, everyone administers to suit himself, with the help of self-management accords which no one respects and in this way we have seriously neglected the entire area of evaluating the work of people employed in the government administration. The rules of behavior are usually diverse, every work community adopts its own rules of behavior, and the promotion of civil servants in the administration has been left to chance, to circumstance, to the balance of power, to voluntaristic assessments and the like.

In many respects, indeed even in the area of organization of the administration, we believed for a long time that we could jump over the centuries and by a mere declaration of our ideals be able to step into a more beautiful future, but it turned out that not even a single year could be jumped over, and thus we are today going back, now in the field of organization of the administration, just as in the economic and political system, right where we left off, to times and to phases which we thought that we could jump over.

[Question] Under the system of "political command" even today it is much more natural for a comrade from the committee to be appointed the chief of staff in some ministry than for the best expert in that ministry to take that position. Does that mean that we still have not learned that lesson?

[Answer] All systems in the history of humanity, as Maurice Duverger has said, have first built their economic system, then political system, and finally they have derived an ideology from that. We thought that we could do it the other way around, to build the house from the roof down, and so we first set up the ideological framework of the state, then the political framework, and then the economic framework on them. At that point, we were amazed to find that a house built in that way had begun to lean and to rock. If we apply that general experience which we can confidently say that we have today gained to the government administration—then we will quickly conclude that we for years have systematically neglected professional competence, education, and work performance—on behalf of "political attributes," and that is why we have such pressure in the administration for the production of officials—instead of nurturing talented, young, and able specialists.

[Question] If I interpret rightly our constitutional conception of the position of the opstina in the state, it is the place in which the citizen exercises at least 80 percent of all his rights. Which means that we now have more than 500 states which—except for the Ministry of Foreign Affairs—presumably have all the departments and all the "ministries" in each individual opstina. Do you think that the opstina can deliver on all those constitutional pledges—and really make it possible for every citizen to exercise all those complicated and expensive rights to education, social welfare, health care, jurisprudence, and legal protection?

[Answer] The position of opstinas in Yugoslavia has long been a topic of criticism and analysis. There is no doubt that certain "rights" which have been given to the opstina, that is, certain obligations which the opstina has to the citizen as a sociopolitical community are a millstone around the neck of the opstina and usually of the citizen as well. Incidentally, it is because of this concept that we have the practice of opstinas fighting for the survival of even those factories which are producing large losses, since for them they are producing large "gains" in the form of contributions, and it is with those contributions that the constitutional rights of the citizens are exercised. Which gives rise to the paradox that the opstina would rather be an industrial center with the factories operating at a loss than, say, to develop agriculture. It is true that this constitutional concept has unfairly deprived a child born in a poor opstina, but every citizen has also been deprived, since he can exercise few of his proclaimed rights. While in the rich opstinas they build schools which are monuments, with computerized classrooms, in the poor opstinas the children go to school in dilapidated buildings and they sit on boxes. It is also true that every opstina, according to legal enactments, has almost all the administrative institutions that a rich opstina has, that the republic has, and which the Federation has. Unfortunately, there still has not been any discussion of all this in the constitutional amendments—and the amendments hardly touch this area.

[Question] Even in the new administrative organization you have again been "given" jurisprudence. Since you are a competent man, tell us whether a citizen in the opstina—as it is now organized—can win a fight for justice if the judicial authorities are financed by the opstina budget and overseen by the opstina fathers?

[Answer] It is now definitively clear even to those who thought differently that there is no such thing as an independent and objective court if all the principal judicial bodies are paid out of the opstina treasury, if the families of the judges and prosecutors depend on the opstina budget, if the opstina is allocating housing and jobs, in short: if the court is serving opstina justice, not the justice of the Yugoslav community. I am, of course, speaking here in principle, and I really do not think that objective, unbiased, and independent judicial practice does not exist in the opstinas—but it is made essentially more difficult under these conditions. Even in jurisprudence we must create uniform conditions of financing

and also for selection and dismissal of judges, since this is a condition of the independence, security, and permanence of judges and judicial systems.

[Question] So, when we add up the observations which have been made, it seems that the amendments to the constitution have not paid overgreat attention to the fields we have been talking about?

[Answer] Most of the issues were covered by draft amendments, but unfortunately the proposed solutions were not appropriate to the goals desired. I personally am convinced, and I say this as a lawyer and a citizen, not as a federal secretary, that as soon as we adopt the constitutional amendments, we will immediately have to undertake in a serious way not only the drafting, but also the conceptualization of a new constitution that will have a more lasting value and will be more appropriate to our reality.

07045

YUGOSLAVIA

Background of Purchase of MiG-29 Fighters Sketched

28000121 Zagreb START in Serbo-Croatian
28 May 88 pp 76-79

[Article by Miroslav Lazanski: "The MiG-29: Yugoslavia on Supersonic Wings"]

[Text] Recently the Yugoslav and world public were presented the new airplane that is part of our Air Force and Antiair Defense: the Soviet MiG-29, a fighter-interceptor. This is one of the best interceptors in its class and with it our Air Force is considerably improving its defensive capability. What was the main reason for purchasing precisely this plane rather than, say, the Mirage 2000 or the F-16?

"We do not have much time, we want to have a new plane in a relatively short time.... I am well aware of the achievements of previous generations of airplanes, but I also know quite well the level of technology of our future supersonic airplane. We were very bold when we decided on that line of development, but we must all be very responsible in carrying out this program. I would like this to be a program which in the area of technology will pull along not only the Air Force and Antiair Defense, but our entire country."

These are the words of Fleet Admiral Branko Mamula, until recently the federal secretary for national defense, delivered at the Eighth Election Conference of the Organization of the LCY in the Air Force and Antiair Defense in the YPA Center in Zemun exactly 2 years ago. May is aviation month, a time when the attention of the mass media is directed toward this branch of our armed forces. What has been achieved in the previous period, what the future will bring, where do we stand on a world scale?

For almost a year now the foreign public has been guessing whether Yugoslavia would buy any new airplanes, and in recent days the confirmation arrived: our Air Force has acquired new MiG-29 aircraft. This is certainly the biggest piece of news associated with this year's celebration of Air Force and Antiair Defense Day. The MiG-29 with Yugoslav insignia means that finally, after 25 years, we have in the end purchased a new supersonic plane, an aircraft which is at the very top of world achievements in this aircraft category. Actually, the MiG-29 is the best and the cheapest that we could have obtained on the fighter plane market. Someone might ask whether we were able to buy, say, the Mirage 2000 or American F-16? The answer is simple: first of all, the Western airplanes cost almost twice as much as the Soviet aircraft (although even these newest Soviet planes are no longer so inexpensive), and then there is the problem of retraining. In any case, it is much easier for the pilots to make the switch from the MiG-21 to the MiG-29 than to some Western type of aircraft. What is

more, fighter planes are a part of the entire system of antiair defense, and as such "linked" into that system, and this is one of the reasons why we opted for the MiG-29 as a solution.

The first photographs of the Soviet MiG-29 fighter appeared some 2 years ago, when a squadron of those planes landed at the Kuopio-Rissala Air Base in eastern Finland. Although that aircraft facility of the Finnish Air Force is not a place where any traditional exhibitions of aircraft and military equipment are held, for years now it has drawn the attention of all military observers in the West, especially when the news arrives from Finland that the Soviets have arrived. It is a kind of tradition that when the Soviets decide to show the West some new airplane of theirs, they do it at the Kuopio-Rissala Base. That was the case in 1978, when they demonstrated the capabilities of the MiG-23 aircraft for the first time outside their own borders. Much the same was repeated 2 years ago, when six MiG-29 aircraft of a special squadron for demonstrating flight capabilities at the Kubinka Base landed at this Finnish airfield. When it came for a 4-day official visit to the Finnish Air Force, the new MiG-29 offered observers a unique occasion to finally see the fighter that had been talked about and conjectured about, but which until that time had not been seen in a single photograph, at least not outside the Soviet Union. To be sure, a sketch of that plane did appear in the American pamphlet "Soviet Military Power 1986," and photographs later confirmed that American reconnaissance satellites had done their job well.

At that time, 2 years ago, after the MiG-29 aircraft landed at the Kuopio-Rissala Airfield, the Finnish authorities took unprecedented security measures and photographs, specially selected, could be taken only from a distance. The MiG-29 immediately became a star in the media, and the Western press became involved in a guessing game as to what the Soviets actually wanted to achieve by this "excursion to Finland." Certain Western diplomats immediately reported that Finnish politicians were putting pressure on the Finnish Air Force to buy the new Soviet fighters so as to right the trade balance between the two countries. Then there were articles to the effect that the main pressure for purchasing the MiG-29 aircraft was coming from the Finnish politicians interested in somehow extricating segments of the domestic industry hit by a crisis, for example, shipbuilding, which depends considerably on Soviet orders.

Finnish pilots then had an occasion to see everything that their Soviet counterparts performed with the MiG-29. Their comments on the characteristics of this aircraft were very laudatory, but the guessing in Western professional circles was that the top levels of the Finnish Air Force were nevertheless more inclined to buy the new Swedish fighter "Jas-39 Gripen" because of the more up-to-date electronic equipment. There were also comments in the Western press to the effect that "many jobs in Finland might be saved through purchase of the

MiG-29 aircraft and it would make the politicians happy, but that the 10-year period would soon pass, and the electronics would quickly become out-of-date." For their part, the Finns were afraid that they might get the MiG-29 aircraft only when the Soviets had perfected electronic countermeasures to neutralize these fighters in combat.

Time passed, and the media hullabaloo over the MiG-29 aircraft spread after Finland to Syria, India, and Jordan. First the newspaper AL ITTIHAD published a report from Abu Dhabi that Syria was buying 80 MiG-29's together with air-to-air missiles "in order to consolidate its defensive capabilities." Immediately thereafter the Kuwaiti newspaper AL-RAI-AL-AM reported that 280 Syrian pilots had been training on this type of aircraft for 6 months in the Soviet Union and that Moscow would be selling to Syria MiG-31 interceptors along with the MiG-29 aircraft. Then, of course, 2 years ago the Israelis came forth with the announcement that "new up-to-date Soviet combat planes in the Syrian Air Force would create difficulties for Israel, but would not damage its overall defensive capabilities." The Israelis admitted that with the new MiG-29 aircraft the Syrians had appreciably closed the gap in quality from the Israeli Air Force, but they added that "the Israeli Air Force will still be capable of doing its duty."

At about the same time that the reports appeared that Syria was getting the MiG-29, India also reported its interest in that type of plane. That was in fact logical, since India had been manufacturing MiG-21 aircraft for a long time under a Soviet license, and it was quite familiar with the Soviet technology. There is a treaty on military cooperation between India and the Soviet Union, and Indian purchases of Soviet weapons run to \$1 billion. For all those reasons India also purchased 44 MiG-29 aircraft, and it supposedly ordered another 40, all as a counterbalance to the American F-16 fighter-bombers in the Pakistani Air Force. And finally, the MiG-29 was also purchased by the Iraqis, and for a time the Jordanians were also very much interested in it. By all appearances the MiG-29 will also become part of the air forces of the countries of the Warsaw Pact, and the Soviets certainly want this aircraft to inherit the best export article of the Soviet economy, the MiG-21 fighter.

How is the MiG-29 "Fulcrum" in its combat performances and technical characteristics? This is undoubtedly a fighter of a completely new generation of Soviet aircraft, a generation that also includes the MiG-31 "Foxhound" and Su-27 "Flanker." In its external appearance, especially in certain dimensions and the location of the engine and the hybrid wing, the MiG-29 reminds one of the American F-18 "Hornet," the Navy fighter-bomber, while its large box-shaped engine intake ducts are bent inward a little as in the F-14 "Tomcat." The plane has special "gills" that serve as auxiliary intakes, very large wings with fixed geometry extended in what is called a saber at the root, which increases the plane's lift and improves its aerodynamic properties at

high altitudes, and two rudders in the tail that are rather large relative to the plane's entire surface. The cone tip is made of dielectric material, and special substances were used on the leading edges of the wings, around the engine, and placements of the automatic 30-mm cannon which is lighter than all similar cannons in the world. The MiG-29's maximum speed is Mach 2.3, and at sea level Mach 1.2. That means that this fighter is one of the rare ones that can achieve supersonic speed even in low-level flight. The plane's radius of action without external tanks is about 700 km, and the maximum range 1,150 km. The plane is powered by two "Tumanskiy R-33D" turbojet engines, its rate of climb is 325 m/sec, and its maximum flight altitude 18,000 meters, although Soviet pilots have reportedly tested it up to an altitude of 38,000 meters. The MiG-29 has performed all aerobatics with full fuel tanks.

The plane is 17.32 meters long, its wing span is 11.36 meters, it is 4.73 meters high, and wing area is 38 square meters. The aircraft weighs 10.9 tons empty, standard weight on combat missions is 15.6 tons, and maximum weight 18 tons. It can take off even from a runway only 400 meters long, and landing speed is only 200 km/hr. In addition to the 30-mm automatic cannon, it can also carry AA-10 and AA-11 air-to-air projectiles, bombs, and missiles, all on a total of six carriers under the wings. The weight of the suspended weapons, that is, external weapons, is a maximum of 3 tons. The airplane's electronic equipment includes infrared sensors which signal the pilot when an oncoming missile has homed-in on him, the "Sirena 3" radar system, the "head-up display" system, and a sighting-intercepting radar equivalent to the radar on the American F-18 "Hornet" airplane. It is the new long-range radar, which monitors 10 targets at once, a radar in the series referred to as "look-down-shoot-down," that has most worried specialists in the West, since with it the Soviets overcame a technological lag of several years behind American aircraft with this type of radar.

With respect to design the Soviets have not gone far beyond their basic conception; it is true that the MiG-29 does have a cockpit with much better visibility, although the profile is still low compared to the American models, since it is in keeping with the Soviet conception that visibility from the cockpit does not have decisive importance under combat conditions in which Soviet strategists anticipate numerical superiority over the other side. The design of the MiG-29 airplane began in 1973, the first flight was in 1977, and the first planes appeared in operational use in 1984. The plane was designed by a team of specialists headed by Rotislav Belyakov. At the moment, the Soviets have 300 planes of this type, which are already in Soviet Air Force units in the GDR. The first 23 landed at Wittstock Airfield in the northwestern part of the country 2 years ago. As a new fighter it can attack targets flying beneath it; this is in fact part of the Soviet response to the new Western conception of the "air-ground battle 2000."

Since the first reports that the Soviets had developed the MiG-29, Western specialists have been expressing concern that the emergence of the new Soviet combat plane represented a "critical point at which American air superiority was ceasing, when the first meeting and first battle with Soviet planes would be very uncertain." "By comparison with the American F-16 and F-18 fighters, the new generation of Soviet planes has the advantage in its average cruising speed, in the accuracy of attacking land targets, and in certain other characteristics," Verne Orr, who at the time was the U.S. secretary of the Air Force, said 2 years ago. All of this means that the MiG-29 is an airplane that will replace the MiG-21, which is the most famous Soviet postwar fighter.

Why did Yugoslavia buy MiG-29's? The importance of airspace as well as the factor of surprise in the air are growing constantly and have one of the decisive roles in attaining rapid and decisive results in the initial period of war. An aggressor can be expected in that initial phase to throw a major part of his air strength precisely against the air force and antiair defense of the country being attacked, assuming, of course, that that air force and antiair defense are capable of preventing and injuring his operations. Maintenance of high combat readiness of the air force and antiair defense, rapid and determined reaction, and the undertaking of all necessary measures can essentially diminish the consequences of a possible surprise. But surprise in the domain of technical equipment will be more significant in the future than up to now. The case of the American attack on Libya clearly shows what surprise from the air means; this is actually a classic example of the so-called strike from a distance. So that we will not have any kind of crisis situation, so that we do not experience a surprise, we had to buy the MiG-29 fighters. They are for us an element of strategic deterrence, a weapon whose effectiveness has to be in the mind of anyone who would plan any kind of military adventure against Yugoslavia. Of course, the MiG-29 in our Air Force and Antiair Defense does not mean that we have given up the program of developing a domestic supersonic aircraft, nor is the MiG-29 a replacement for it. Nor does the MiG-29 represent any transitional period in the development of our Air Force, but it

actually reflects the urgent need for a certain number of superb fighter planes that will put the design offices at ease so that they can work on the program of the domestic supersonic plane without haste and pressure. After all, as Lieutenant Colonel General Anton Tus, commander-in-chief of the Air Force and Antiair Defense, said 2 years ago, the tasks of our Air Force in the new medium-term development plan are as follows: to complete the rearming of the fighter-bombers and reconnaissance aircraft of the Air Force with "Orao" planes and the G-4, which will increase several times over the combat capabilities of this type of aviation, a portion of the combat equipment of antiair defense units will be modernized with equipment of the 3d and 4th generations, several new helicopter units will be developed for antiarmor and antiship combat, the system of command and staff work will be updated with new automation, computer, and data processing equipment, the organization of direction and command at the operational and strategic-operational level will be perfected, elaboration of the Doctrine of the Air Force and Antiair Defense and all the rules and instructions of arms, units, and commands will be completed, units and commands will begin to be manned with personnel trained in the new arrangements of the school system in the Air Force and Antiair Defense, development of new programs for modernization of the Air Force and Antiair Defense will begin or will be completed (the supersonic aircraft, the piston-engine aircraft, the drone, several programs for ARJ [(?) artillery-rocket units] and antiair defense, and new weapons, electronic equipment, and other equipment).

At that time, 2 years ago, no one even mentioned buying the MiG-29. Now they are here, and these pilots have been flying them for a long time: Miroeta Jokanovic, Hajrudin Hodzic, Dragan Nedeljkovic, Slavko Matanovic, Slobodan Kuze, Vlaja Miletic, Predrag Milutinovic, Ivica Jakopcic, Ljubisa Kulacin, Petre Maksimov, Ljubisa Velickovic, and Zeljko Mendas.... Both the pilots and the mechanics are fully trained for the new type of plane. The Yugoslav Air Force was ready for the challenge of the new technology for the 21st century....

07045

INTRABLOC

CEMA Partners Cooperate in Coal, Energy Resource Development
23000092 East Berlin PRESSE-INFORMATIONEN in German No 53, 6 May 88 p 6

[Text] In regard to coal and energy resources, the joint development and construction of thermal and nuclear power plants is a keystone of the GDR's cooperation with other member countries of the Council for Economic Mutual Aid, in particular the USSR. Cooperation also involves the joint development of the abundant natural gas resources in the USSR as well as the ongoing perfection of equipment and production technology in regard to strip mining. This includes the common search for further improvements in rehabilitation.

Such close cooperation in the field of energy is unique in the world. It represents a basic prerequisite for the ongoing build-up and reinforcement of the GDR's energy base.

Nine multilateral and seven bilateral government agreements and an additional 21 ministerial arrangements between the GDR and socialist fraternal countries underline the importance of cooperation and settle actual assignments. Another 12 agreements with the ministries for coal and energy supply of other CEMA countries—five with the USSR—serve to further strengthen the above.

In the GDR power plant capacities with a total of almost 10,000 megawatts have been constructed jointly with enterprises in the USSR and other socialist countries. In 1987, these power plants produced 50 percent of our entire electric energy output.

Scientific-technological and economic cooperation for the expansion of the GDR's energy base began in 1956, following a government agreement with the USSR. The agreement arranged for the common construction of the GDR's first nuclear power plant at Rheinsberg.

As for the equipment of thermal power plants, the USSR supplied turbines and generators. An ash removal plant came from the Hungarian People's Republic, suction draught equipment from the CSSR, while factories in the Polish People's Republic constructed cooling towers and chimneys. GDR machine construction enterprises developed and manufactured the steam generators for the 500-megawatt blocks.

This cooperation meant that—without itself developing anything new—the GDR was able to make the transition from 100-Megawatt blocks to 210 and 500-megawatt blocks. Nuclear energy was also put at the disposal of electric energy and heat production.

On the basis of existing agreements, more 500-megawatt power plant capacities operating with raw brown coal as well as further nuclear power plant capacities are to start up by 1990. Additional nuclear power plant capacities—ranging from 6,000-7,000 megawatts—are planned by 2000. A new generation of nuclear power equipment will begin operations after 1990, when 1,000-megawatt blocks are to be taken into service at the Stendal nuclear power plant.

The expansion of cooperation in the field of electricity supplies is also directed to the modernization and reconstruction of existing power plants.

Within the framework of the development of natural gas deposits, GDR collectives have laid some 1,400 km of large-diameter pipelines since 1975, complete with the necessary compressor stations. At the present time, some 14,000 workers from the GDR are employed on the natural gas line—in the fields of industry, construction, transportation, procurement, medical and cultural services. The work includes the construction of residential and social buildings for the personnel operating these facilities.

Our young people play a large role in the accomplishment of the task in which the GDR is involved on the basis of CEMA decisions and bilateral government agreements with the USSR. They declared this project of socialist economic integration to be the central youth project.

The government agreements concluded guarantee USSR natural gas supplies to the GDR beyond 2000. In the GDR's economy, this natural gas is primarily used as an efficient fuel and reduction gas in metallurgy as well as in the firing and smelting processes of the glass and ceramics industry.

Combines and enterprises in the GDR coal and energy industry currently maintain close relations with 154 partner facilities in the socialist fraternal countries. Fifty-six of them involve partners in the USSR. Scientific-technological cooperation is coordinated on a long-term basis and is contractually fixed each year.

In 1987, the first agreements were concluded with regard to the beginning of direct relations with six production associations in the USSR. Another six are being prepared for a start in 1988. A joint collective, established in 1987, has proved its worth. It is concerned with the accomplishment of tasks in the field of the further improvement of the nuclear safety of nuclear power plants.

On the basis of 26 multilateral agreements, the GDR coal and energy industry is cooperating in assignments of the CEMA Complex Program. The main direction III, "nuclear energy," is particularly emphasized. Up to now, eight multilateral government and ministerial agreements dealing with this have been concluded.

11698

HUNGARY

Numerical Restrictions on Private Trade
25000172a Budapest OTLET in Hungarian
7 Apr 88 p 7

[Excerpt] In the Polish private sector, it will soon be possible to employ a larger number of workers. A new statutory provision came into force on April 1 which makes it possible for private entrepreneurs to employ as many as 250 workers, for example, in restaurant networks or in commerce. The maximum number of workers permitted to be hired in the repair service sector was set at 50. Earlier, Polish private entrepreneurs were allowed to employ 25 workers at the most.

In Hungary, we are not yet this far—according to the provision enacted early this year, private tradesmen and the independent business work partnerships are permitted to employ 30, and in certain services only 20 workers.

About 148,000 private tradesmen are currently working in our country, fewer by 4,000 than at the beginning of the year. Since January, 4,574 new trade licenses were issued while 8,386 tradesmen abandoned the practice of their trade and 5,771 interrupted it. This is attributable to the uncertainties surrounding taxation and, among those who practice a private trade in addition to being employed, the sharp decrease occurred because of income aggregation ["grossification"]. Among the private tradesmen, 17,000 of them have employees, two on the average. The statute expanding the permissible number of employees, enacted in the beginning of the year, can be attributed to considerable liberalization—only the future will decide how the private tradesmen will use the opportunity. Up until now, they were permitted to employ six workers or the same number of family members, and only a small number of them took advantage even of this possibility. Nevertheless, some of them had permission even earlier, as a matter of individual exemptions, to employ a greater number of people than what is allowed.

2473

Liberalized Unemployment Benefits

25000172b Budapest HETI VILAGGAZDASAG in Hungarian 9 Apr 88 p 6

[Text] Since 1 April, in contrast to earlier practice, a longer notice and unemployment compensation are due not only those who lose their job simultaneously with at least 9 other workers but even a single individual is entitled to these benefits. According to the 1 September 1986 governmental decree, those—in the words of the decree—who lose their jobs as a result of activities by their employers, such as liquidation or reorganization, and to whom the council employment office cannot recommend suitable employment, are entitled to a prolonged notice of six months during which they receive their average income—supplied from the state budget. (Offered employment qualifies as suitable if it corresponds to the training level and state of health of the worker, if the expected income is lower by no more than 10 percent of the existing wage and the daily commute by public transportation is no longer than 2 hours.) If the employment office is unable to recommend employment to someone even during the six months, the individual is entitled to an additional half a year of reemployment assistance, amounting to 75 percent of the average wage during the first 3 months and to 60 percent during the next 3 months. (From the beginning of this year, average income is defined as gross income because the reemployment assistance is also subject to individual income taxation.) In the original governmental decree, these temporary benefits were made possible only if at least 10 employees were let go from the same workplace. As related by the State Wage and Employment Office, experience has shown that the enterprises often let their unneeded employees go in smaller groups, frequently one by one. The group of beneficiaries was expanded also in other ways: in contrast to previous practice, since 1 April, employees laid off by specialized cooperatives and private employers are also entitled to the temporary benefits. According to information received from the State Wage and Employment Office, in 1987 a total of about 10 million forints was issued to the unemployed under these entitlements. At the end of 1987, nationwide a total of 50 people received reemployment assistance and 400 were in their prolonged period of notice.

2473

POLAND

Polish, GDR Road Machinery Construction Cooperative Efforts
26000389d Warsaw RZECZPOSPOLITA in Polish
14 Apr 88 p 4

[Article by (Iem): "Mutual Deliveries of Highway Equipment"]

[Text] Recently, a delegation of the Central Highway Administration from Berlin visited Poznan. Specific

forms of cooperation in building specialized highway equipment were discussed with representatives of the district and general directorates of public roads.

Poland offers, among other things, sand spreaders, sprinklers used in restoring the surface, whereas the combine in Teltow (the GDR) produces modern, high-capacity paving plants needed in the process of producing the bituminous mass. Among other things, the Polish side is interested in producing some parts for these machines.

Universal road rollers produced at a plant in Alchenbach may be yet another item on the program of cooperation. Several such machines are successfully operated by the Poznan District Directorate of Public Roads. Other road districts in our country are also interested in them.

9761

Current Phase of Bank Reform Declared 'Most Important'

Warsaw RZECZPOSPOLITA in Polish 15 Apr 88 p 1

[Article by (CH): "A Bank of Hope for a Healthier Zloty"]

[Text] The implementation schedule for the second stage of the economic reform said "May," but preparations were finalized sooner. Several days ago, the Council of Ministers decided to profoundly restructure the banking system—to set up a network of 9 credit banks, operating on the principle of self-financing.

This is yet another stage of the reform of banking, the third, but the most significant to date; it follows the creation of the Export Development Bank in 1986 and the organizational separation of the PKO [General Savings Bank] from the NBP [National Bank of Poland] last year.

The most striking thing is the actual breaking of the monopoly of the NBP and the banks cooperating with it on credit, settlement, saving and all other services envisaged by the banking law. Also noteworthy is the universal nature of the new banking institutions, which will serve all customers from all sectors of the economy. However, the less striking aspects of the decision by the Council of Ministers are equally important.

Setting up a network of banks which operate on the principles of autonomy, self-financing and competitiveness, as enterprises do, should be of major significance for [restoring] the equilibrium in the economy by facilitating the strengthening of the currency. For the first time in the postwar history of banking, economic barriers to the influx of money to the market have been erected. Beginning 1 January 1989, the day the operations begin, the pressure by enterprises to expand the scope of financing will run into a calculation which, greatly simplified, boils down to answering the question of the profitability of granting such a loan. Creation of

credit beyond the financial resources of a bank could undermine the economic base of operations of such an institution. Losses would endanger its interests.

New banks will be headquartered in Gdansk, Katowice, Krakow, Lublin, Lodz, Poznan, Szczecin, Warsaw and Wroclaw. Despite the regional nature of the institutions, they will operate within the entire national territory. This automatically makes them competitors, all the more so because it is planned to give the enterprises the right to select a credit bank. This competition will be further reinforced by giving the banks the opportunity to set different fees for the services they provide, interest rates on loans and on deposits, including the savings of the populace.

All of this should bring the banking system in direct contact with economic life. Under these circumstances, it is easier for bankers and representatives of industry to understand each other, and thus to bring out industriousness, which is, after all, one of the hallmarks of the second stage of the economic reform. This should speed up the processes of restructuring in the economy and facilitate a better use of local potential and opportunity.

The reform of the banking system will also change the functions of the central bank, the National Bank of Poland. While remaining a bank of issue and being the banker for credit banks, it will focus its operations on making monetary policy and reinforcing the zloty. A greater number of banks does not amount to greater access to credit.

9761

Rulings on Foreign Currency Transactions Explained

26000389e Warsaw ZYCIE WARSZAWY in Polish 15 Apr 88 p 3

[Interview with Cezariusz Stanczyk, chief specialist at the Planning Commission, by Zbigniew Siwik: "Hard Currency for Input"]

[Text] [Question] On the one hand, the reform strives to liberalize the guidelines for transactions in hard currency, including those between enterprises, while on the other, the Ministries of Finance and of Foreign Economic Relations have recently issued a joint statement which explicitly restricts such transactions.

[Answer] Despite what it seems to be, there is no contradiction here. The goal, after all, is for hard currency procurement in the second stage of the reform to benefit those who actually earn this hard currency by exporting their own products.

As far as obtaining hard currency in other ways is concerned (of course, we are not discussing bank loans or allocations from the central funds in this instance), there are two ways: assignment of retained hard currency

allowances by one enterprise to another and hard-currency auctions. The joint statement by the two ministries pointed to restrictions on only the first mode....

[Question] ...And this is exactly the mode undergoing rapid development, while the second one is still in diapers. Be that as it may, both of them appear to be lightly regulated by instructions.

[Answer] The hypertrophy of the first mode in the sphere contravening the law restricts the other mode, or the supply of hard currency for auctions. Enterprises earning hard currency through their own exports are forced to meet the demands of subcontractors rather than auction off surplus hard currency.

The hard currency law and legal acts based on it outline clearly and precisely the guidelines for hard-currency transactions among the units of the socialized sector. The act "Hard Currency Law" (of 1983) defines what we call hard currency transactions and establishes that a hard currency permit (general or individual) is required for the possession of and transactions in hard currency. Actually, the law does not mention the assignment of hard currency funds from one unit of the socialized sector to another.

[Question] Is this an oversight by the legislators, a conscious intention, or the failure to anticipate liberalization in the economy?

[Answer] It is definitely not. We should recall that in 1983 the system of retained hard currency allowances was not proprietary in nature. Therefore, the exporter was merely entitled to import, but not entitled to possess hard currency. However, anticipating the development of this system or other forms of hard currency procurement, the Sejm resolved that provisions of other laws, inasmuch as they refer to hard currency transactions, are (and will be in the future) equated with the provisions of the act "The Hard Currency Law." Thus, in light of this provision, hard currency permits are issued by the sanction of law for hard currency operations envisaged by the law on finance management in enterprises (amended in 1986). This is how the issues of financing foreign trade, referred to in this law, and in particular, the right of enterprises to retain hard currency allowances and to voluntarily assign a share of hard currency funds to units cooperating in turning out products for export, are regulated by the law.

[Question] What happens if the owner of hard currency is not willing to assign it to the supplier, despite the subassemblies delivered being used as parts of the final product? What if the owner of hard currency voluntarily assigns it to another enterprise in order to obtain parts for its products sold not only for exports?

[Answer] The law on finance management in enterprises delegates to the Council of Ministers the authority to set forth the way the enterprises utilize hard currency funds.

Based on this authority, Resolution 193 of the Council of Ministers of 1986 (amended a year later) determined that the enterprise-owner of retained hard currency allowances transfers hard currency funds to other units cooperating with it on the basis of agreements on manufacturing final products signed by them. The same resolution provided for other forms of transferring hard currency to be determined by the chairman of the NBP [National Bank of Poland]. The chairman has already used his powers and set up the institution of hard currency auctions sponsored by the Export Development Bank.

Returning to your question, in cases when the exporter is not willing to share the hard currency with the supplier of semi-finished goods used for final production, the subcontractor may demand—on the basis of the resolution of the Council of Ministers mentioned—that an agreement on manufacturing final products be signed with him.

[Question] In light of this, can the supplier demand that the [cost of] hard currency inputs be assigned to him?

[Answer] The unambiguous answer is no. Returning to the main line of reasoning, however, transactions in hard currency are legally allowed only by hard currency permits. Such permits cover transactions finalized either on the basis of agreements mentioned above or in the case of the exporter voluntarily financing the subcontractor for parts in the exported final product.

The demand to receive payment in hard currency violates the hard currency law and, in light of the fiscal penalty law, is a grave transgression of the law. Therefore, the subcontractor can and should demand that the aforementioned agreement on manufacturing final products be signed.

[Question] Not necessarily final products for exports?

[Answer] Of course not necessarily. In all of this, we should note that the scope of agreements is left to the discretion of the interested parties, and actual participation in manufacturing the final product is the only condition.

[Question] Could you elaborate on that, using specific cases?

[Answer] Let me begin with the negative ones. Making deliveries to the "Samopomoc Chlopska [Peasant Mutual Aid Cooperative]" retail chain contingent on partial payment in hard currency to some producers is one of the many examples of unjustified demands, e.g., \$50 apiece for color TVs, \$13, on the average, per washing machine or freezer, and even... 30 cents for a hair dryer. Quite apart from the fact that the "Samopomoc Chlopska" has no hard currency, in this case—

even if it had the currency—it could not sign the agreement referred to, because it does not participate in manufacturing the final product. Demands made on the health care system, education, construction and so on fall within the same class.

It appears that favorable cases are considerably more numerous, and the generally undisturbed cycle of production based on the assignment of retained hard currency allowances testifies to that. Most producers cope not only with signing agreements, but also with undertaking joint capital projects. For example, 18 main purchasers of quality steel from the Baildon Iron Mill signed a declaration on financing a modern rolling mill for this plant, worth almost \$40 million.

[Question] However, let us go back to unfavorable cases and the penalties envisaged by the fiscal penalty law.

[Answer] It is awkward to talk about penalties at the time of the reform. However, if we are to actually implement one of the primary principles of the second stage of the reform, i.e. what is not forbidden by law is allowed, we should clearly define what the law bans. Thus, article 57 of the aforementioned law says that he who spends hard currency in contravention of the hard currency law or of the conditions of the hard currency permit is subject to the penalty of a fine equivalent to 30-fold the amount of hard currency spent. In turn, article 60 says that he who engages in hard currency transactions without a hard currency permit, is subject to a fine of up to 500,000 zlotys or even the penalty of imprisonment for up to 1 year. Thus, in accordance with the penal code, the penalty of a fine or imprisonment qualifies the action as a crime prosecuted by virtue of the law and tried in general-jurisdiction courts. Transactions involving small amounts of currencies, on the other hand, are misdemeanors prosecuted by treasury chambers and carrying the penalty of a fine.

[Question] You have precisely outlined the intent of the legislature. However, are there not fears that the emphasis on legal restrictions on hard currency transactions between enterprises in the joint statement by the Ministry of Finance and the Ministry of Foreign Economic Relations may signify a retreat from liberalization in this sphere?

[Answer] It appears to me that you are following another line of reasoning. The shortcomings of the first stage of the reform made us aware of the need to have absolutely clear rules of conduct in the second stage.

I do not feel competent to say whether the sanctions against illegal hard currency transactions are too severe. I can only say that corresponding provisions regulating transactions in currency funds also exist, out of necessity, in the economies commonly believed to be the most liberal.

As far as the apprehensions expressed in your question are concerned, I believe they are pointless. If a unit of the socialized sector cannot secure a hard currency permit (even through a case-by-case consent by the minister of finance), the enterprise which has hard currency may put it up for an auction and then compensate its subcontractor (in zloty prices) for the higher cost of purchasing this hard currency.

[Question] In other words, auctions are supposed to be the wave of the future among the forms of hard currency transactions....

[Answer] Let me be more precise in answering your question. In the target arrangement, after at least domestic convertibility of the zloty is achieved, the producer will sell hard currency to the bank at the equilibrium rate. In turn, those needing the funds will purchase them at the bank without restrictions, or rather exchange the zloty into dollars, marks or rubles.

However, it appears that achieving this goal is only possible through developing hard currency auctions where the actual value of foreign currency will be set depending on supply and demand.

As you have mentioned, the system of auctions is just a budding one, which is not surprising. After all, it has been operating less than a year, and the supply of hard currency is restricted by the already mentioned failure to comply with the provisions of the budget law. Because of this, the auctions so far had to be supplied through the allocation of hard currency from the central funds, whereas the main flow of hard currency should be generated in the sphere of hard currency self-financing of enterprises. This sphere will expand as the second stage of the reform is implemented.

[Our interlocutor is a member of Team 8 of the Commission for the Economic Reform for arrangements in foreign trade.]

9761

Constant Modification of Tax on Excessive Wage Payments Spurs Controversy
26000389a Warsaw TRYBUNA LUDU in Polish
16-17 Apr 88 p 3

[Article by Krystyna Sonntag: "The PPWW, or Such Is the Salary as Is the Standing of the Enterprise"]

[Text] The PPWW, or the tax on above-the-norm growth of remunerations, and the principles of setting the quotas exempt from it, were the subject of a conference at the Government Press Center on Friday.

The issue is a hot one everywhere, because the tax restricts wages. It is all the more so in our country, because the system of taxes on wages has been subjected to exceptionally frequent modifications, which causes

additional controversy. As Deputy Minister of Finance Ryszard Pazura announced, this year opportunities for increasing employee remunerations will be more closely tied to the financial performance of the enterprise than before. The formula of individual taxation is based on this. It is seen as dealing a hard blow to enterprise finances, because practically nobody has a chance to escape the PPPW tax, but the rules of pegging wages to profit are in keeping with the guidelines for the reform.

It is estimated that this year's profit to be distributed will grow by at least 50 percent. So, assuming that the wages will grow in keeping with the planned rate (36 percent), the PPWW should not draw away more than 6 to 12 percent of the profit. With efficient management, many enterprises will be able to afford an even greater increase in wages.

However, a strong linkage between wages and profits is not always justified. This involves public utilities and enterprises surviving on subsidies or operating on official prices. In these cases, a threshold formula will be used, which takes into account a smaller influx of funds to the enterprise. In these cases, the tax on wage increases outlined in the central annual plan will claim only 3 to 5 percent of the profit.

It is noteworthy that the list of tax exemptions was shortened from 30 items last year to 13 in effect this year. Among other things, honoraria, bonuses for saving liquid fuel and compensation for drafts of inventions are exempt.

Tax exemptions and preferences in the remuneration system depend primarily on the reserves for the wage fund the enterprise has (they are tax-exempt). Reductions due to increased remuneration for export production have been raised by 10 percent. Reductions will also be granted for developing services to the populace and production services for agriculture in the amount of 35 percent of the tax. In addition, new developments in production and trade will continue to be given preferences.

Presenting very briefly the principles of taxation, we should ask whether they will be able to reign in the wages. This is necessary, if we do not want the shelves [in the shops] to be left completely barren. But how can this be accomplished when wages are not only an economic, but also a social and even political notion? In the environment of inflation, the pressure on them is tremendous. In the first quarter of this year, the influx of funds for remunerations exceeded the level planned. This happened due to speeding up payments from profits, the 6,000 zloty bonus and so on. However, this could not signify a continuous trend, because this would threaten a disruption of the entire policy of prices and wages.

Council of Ministers Allocates Higher Pension Benefits

26000433a Warsaw *RZECZPOSPOLITA* in Polish
17 May 88 p 1

[Text] (PAP) Additional increases in annuity and pension benefits which were granted in 1983 and 1987 are now being paid. These increases correct this year's income-protection figures for pensioners, made necessary because it turned out, after the general decisions on price-income operations were made, that the growth in annuities and pensions granted in those years would have been less than the rise in the cost of living this year. Thus the additional Council of Ministers decision on this matter.

Over 765,000 people are getting the additional increases. Thus far, 537,000, i.e., approximately 70 percent of those entitled, have received the higher annuities and pensions. Benefits granted in 1983 are now 1,300 zlotys higher, and will be increased by a similar amount beginning 1 September. Benefits granted in 1987 will now be 1,400 zlotys higher.

Ten Social Security Agency branches, including Bydgoszcz, Bialystok, Poznan and Sosnowiec, have already finished paying the additional increases. The remaining branches will wind up this operation by the end of May.

SSA reports that payment of a supplementary veteran's benefit to compensate for the rise in fees for household electricity, gas and central heating, is drawing to a close. An additional 500 zlotys was paid to 520,000 persons.

9295

Warsaw, Odessa Construction Machinery Factories' Direct Cooperation Viewed

26000389b Warsaw *RZECZPOSPOLITA* in Polish
9-10 Apr 88 pp 1, 2

[Text] The second stage of the economic reform in Poland and economic changes under way in the USSR also include a search for and the development of new, more efficient forms of cooperation between our countries. Direct cooperation of enterprises, making possible, among other things, a better use of economic potential through developing specialization and cooperation, is such a form.

For a couple years now, the designs of an entire family of self-propelled cranes for construction have been in development at the Industrial Institute of Construction Equipment in Kobylka, in the vicinity of Warsaw, and concurrently at the Main Specialized Design and Technology Bureau for Heavy Cranes in Odessa. Individual parts for this family will be made and subsequently assembled in both the Polish and Soviet plants.

The Combine of Mechanical Equipment "BUMAR-Labedy" in Gliwice is among the Polish producers of the Polish-Soviet cranes.

"Cooperation with the Soviet Union provided the basis for the operation of our factory. We have used the designs and technology of our neighbor to the east as well as licenses, e.g., to produce an excavator," says Jozef Dyka, deputy director of the combine for development and capital projects.

The interministerial agreement on scientific-technical cooperation in the joint production of self-propelled cranes, signed in the mid-1970s, mapped out a new stage of cooperation for the Gliwice BUMAR. Production of machines on a special chassis with a lifting capacity of 40 tons was started jointly with the Industrial Association for the Production of Heavy Cranes, the Odessa enterprise. "Labedy" produces the chassis, and the Glogow Construction Equipment Plant supplies the telescoping extension arm. The body is made in Odessa; assembly takes place in both countries.

The value of cooperation would not be complete, if there were no effort to modernize the joint product. As representatives of the BUMAR report, designers from both countries developed a second generation of this type of crane last year. The Polish prototype of a chassis was ready in December. This year, the prototype of the entire machine will be made and subsequently subjected to the necessary tests. The new crane is 8 tons lighter, it has a greater scope of operation and lifting capacity, and can move faster. The up-to-date design gives some hope for developing exports.

As far as the production of cranes is concerned, the factory's future is certain until the year 2000.

Joint production makes sharing technical, technological and organizational experience possible. To this end, both enterprises exchange groups of engineers, specialists in various fields, and, recently, workers directly involved in production. Chairman of the employee council, Stefan Kurczab, stresses mutual benefits of these contacts. Their expansion is envisaged by the agreement on cooperation in production and science and technology for 1986-1990, signed by the two enterprises.

Waclaw Keska, deputy chairman of the trade union organization at "Labedy," says that the sharing of experience between the socio-political organizations has also begun to develop gradually. For example, Polish trade unionists learn about the experience of their Soviet colleagues in caring for the working conditions and the health of the work force.

Arrangements for exchanging slots at resorts, health spas and camps for children have already been coordinated. In the summer of this year, a 100-strong contingent of Poles will visit the Soviet Union.

9761

'Budomex' Limited Liability Company Ties With FRG

26000389c Warsaw TRYBUNA LUDU in Polish
9-10 Apr 88 p 10

[Article by (I): "'Budomex' Company Set Up"]

[Text] Recently, an agreement on setting up the company "Budomex Ltd." was signed in the Capital City Office in the presence of Deputy Mayor of Warsaw Witold Lozinski. Housing construction combines "South" and "North," Combine of Sewer Installation for Construction—Warsaw, Enterprise of Electrical Installation for Construction—Warsaw, and foreign company "I. Ebbinghaus" from the FRG are partners in the company.

The company was formed along the guidelines set forth in the law of 23 April 1986 on companies with foreign participation. Its main tasks are to build apartments, modernize buildings, produce modern building materials, supply equipment to the Polish partners, import and implement new technologies and methods of production, reconstruct, modernize and overhaul buildings.

The company will sell materials, apartments and construction services against payments in zlotys and hard currencies.

9761

Construction, Road-Making Machinery Exports Grow

26000389f Warsaw RZECZPOSPOLITA in Polish
21 Apr 88 p 7

[Article by T. B.: "Exports of Construction Equipment Growing"]

[Text] The Foreign Trade Enterprise "Bumar" Ltd. increases continuously the export of Polish construction and road equipment. Last year, it amounted to 424 million rubles and \$40 million. This year, it is expected to reach 460 million rubles and \$48 million.

Winning a bid sponsored by the World Bank for the delivery of 44 loaders produced by the Wroclaw enterprise "Bumar-Fadroma" to Indonesia was the most spectacular achievement of "Bumar" last year. "Bumar" is counting on additional deliveries to that country.

The US is the largest "Bumar" market in the 2nd payments area [hard currency denominated trade]. For many years, cooperation between the Stalowa Wola Steel Mill and the American concern "Dresser" has been developing successfully.

Vigorous involvement in developing production capacity in our country is a new element in the operation of the Foreign Trade Enterprise "Bumar."

9761

Firm's High Export Levels, New Contract Aspirations Noted
26000389h Warsaw *RZECZPOSPOLITA* in Polish
6 Apr 88 pp 1, 2

[Article by (z): "Every Second Zloty for Exports"]

[Text] The white triangle with the word "Elmont" in blue is a sign well known at Soviet construction sites. It can be seen on equipment and on the clothes of high-caliber professionals. "Elmont" is the trademark of the Construction Export Enterprise "Elektromontaz-Export," which represents the "Elektromontaz" organization in foreign contracts.

The "Elmont" triangle can be seen in Soviet sulphuric acid, panel board and lime-sand brick plants, in chemical enterprises, agricultural dryers, as well as in nuclear power plants, along the route of the Yamburg gas pipeline, in the factory producing cord for car tires.... Next year, the triangle will also appear at the construction of a rolling mill in Magnitogorsk.

The "Elektromontaz" organization consists of 15 enterprises, 9 divisions of "Elektroprojekt," the Research and Development Center and our enterprise, told a *RZECZPOSPOLITA* journalist Romuald Wiercinski, deputy director of "Elektromontaz-Export." Our responsibilities include the sale of manufactured equipment, deliveries with assembly and startup, electrical assembly services and assignment of Polish specialists for work in other foreign enterprises. In the Soviet Union, we have 45 percent of our export volume, which consists of 327 different contracts. This market is very important for us, and it has a future. Even now almost every other zloty made in exports comes from this market.

Henryk Kowalik, also a deputy director, continues. Since 1964, we have been selling to the Soviet Union transformer stations produced at the "Elektromontaz" enterprises in Lublin, Wroclaw and Gdansk. We sell 1,200 such stations a year, of course modernizing them continuously and conforming to world standards. We also deliver low-voltage control modules, switching stations, consoles, grid equipment, devices for the control of production operations, control and metering equipment. In addition, this year we offer our Soviet partners the "Uniblok," a piece of low-voltage equipment, and switching stations for housing and rural construction. The producers, such as all three "Elektromontaz" enterprises in Katowice, as well as those in Bydgoszcz, Lodz, Krakow and Poznan, enjoy a good reputation with our neighbor to the east.

The best deal is to sell the equipment and assemble it yourself. Since this is not always possible, the "Elektromontaz-Eksport" is also looking for non-conventional ways of securing new contracts. Thus, employees of the Polish "Elektromontaz" have recently started working

"under the colors" of Western companies building in the USSR. This is how they worked together with the Austrian EGB from Linz at the cord factory in Zhlobin, and also with Italian and British companies. These companies pay hard currency for the contribution by Poles to their undertakings.

9761

New Limited Liability Company To Promote Marketing Research
26000387b Warsaw *ZYCIE GOSPODARCZE* in Polish
No 17, 24 Apr 88 p 11

[Article by E. M.: "'Proexim' Advises and Helps"]

[Text] In January 1988, the Bureau for Economic Analysis and Consulting "Proexim Ltd." was set up. The Institute of Agricultural Economy and Food Industries, the Bank for Export Promotion and the Agricultural Economy Bank are partners in this company.

The "Proexim's" line of business consists of rendering services to economic units in the fields of market research, promotion of exports and imports of goods and services, evaluation of the expediency, implementation possibilities and effectiveness of investment undertakings (feasibility studies), legal and organizational consulting, organization of bidding, training of cadres in enterprises involved in foreign trade, collecting and processing of economic information and other computer services.

At the request of units of the agricultural economy, the food industry and sectors supporting them, the company may provide various services and prepare studies such as economic analyses, marketing reports, and also give advice on evaluating the opportunities for and profitability of exports, marketing studies for goods and services in the domestic and foreign markets, projections of production, the trade in and prices for goods and services, feasibility studies on imports, including those paid by enterprise's proprietary funds, and consulting on the opportunity of using systemic arrangements for stimulating exports.

"Proexim" can provide professional help for preparing reports on the feasibility, contracting and efficiency of investment in capital projects which exceed \$250,000 in cost and partial drafts of investment projects in selected fields of economic operations in keeping with the requirements and methods of the World Bank. Organization and conduct of training, mainly in courses for the employees of enterprises and organizations involved in foreign trade, is also among the services offered. Participants in the courses receive a set of training materials; classes are conducted in Polish and English. The length of the course and its organizational format may be adjusted to the needs of participants on a case-by-case basis.

In addition, "Proexim" helps in organizing bidding, gives consultations and advice on supply purchases and delivery coordination along the guidelines of the World Bank (International Competitive Bidding). It also renders services in organizing national bidding (both under the national law and the rules of the World Bank—ICB). Finally, it consults, and provides legal and organizational support in the matters of companies; it prepares evaluations and legal documents on founding companies with foreign participation, sets up branches and representative offices of foreign companies in Poland, sets up domestic companies, including mixed enterprises, as well as works out legal points in doubt involving the operation of already existing companies. The company also provides consultation in fields as specialized as bankruptcy proceedings, trade in securities and protection of copyright, nationally and in foreign countries.

9761

Duty-Free Zone Arguments Presented, 'Efficiency' Stressed

26000385b Warsaw ZYCIE GOSPODARCZE in Polish
No 20, 15 May 88 p 9

[Article by Maciej K. Krzak: "This Is to Be Business"]

[Text] The issue of creating a duty-free zone in Poland is coming up. A lot has been written in the press about it. ZYCIE GOSPODARCZE took up this issue in 1983. Shortly, a joint-stock company will be set up which will officially petition the state authorities to set up such a zone in Szczecin. The outline of this undertaking is presented in the study, "Analysis of Opportunities and Feasibility of Setting up a Duty-free Zone in the Ports of Odra Estuary," prepared by a team of the Society of Polish Economists in Szczecin, led by Prof Dr Waldemar Grzywacz for the Port Authority of Szczecin-Swinoujscie.

What Is a Duty-Free Zone About

Over the years, various types of duty-free zones have developed: free ports, port duty-free zones, duty-free zones, duty-free industrial zones in ports and adjacent areas, free points and warehouses in ports, foreign trade promotion zones and special economic zones in duty-free zones. There is no pure model for such a zone, but essentially all of them are based on providing conditions for carrying out and freely developing service, trade and production operations, export promotion for a given country and stimulating the development of adjacent areas.

In light of this, how will the duty-free zone in Szczecin look?

Its features would be universal for many zones of this type already in existence. It would be one situated in an area with access to the sea. Such zones are the sovereign territory of the state within the boundaries of which they are created, except that the customs border is moved

further inland. At the entrance to, and the exit from, the zone, by way of water, no customs clearance takes place and no fees are paid, and only the statistical registration of product movement occurs.

All economic activities, with the exception of certain kinds specified in regulatory acts, are allowed within the zone. First of all, service for the ships, freight and sailors is expanded. This includes temporary warehousing of goods, largely in consignment warehouses, and their upgrading—sorting, cleaning and packaging. Services to ships cover the scope of conventional port activities: supply services (technical, bunker and foodstuffs), repairs and equipment for ships. Services for persons are of social and residential nature. Among them are purchases in duty-free shops, which for many people are synonymous with duty-free zones, but also there are hotels, restaurant service, medical and dental care and aid.

Industrial operations, i.e., assembly, may be undertaken in the zone. Such manufacturing is based on raw and other materials and semi-finished products from abroad, on which no customs duty is collected.

In turn, financial and legal services become necessary in order to support the above kinds of operations. Therefore, legal and economic consulting, freight forwarding and brokerage develop. Banks and insurance agencies operate. Merchandise transactions also take place in commodity exchanges set up for this purpose.

A duty-free zone is geared to accepting foreign capital. This is why it is at the same time a hard-currency area, among other things, and all settlements are made in hard currencies. The cost of labor, electricity used, materials and goods produced by enterprises of the [host] country are valued in these currencies. All fees, such as taxes, insurance premiums and rents, are collected in such currencies too.

In principle, a duty-free zone has no permanent inhabitants, with the exception of persons needed to ensure its smooth operation. If a special economic zone is formed on adjacent territory, then it can be populated by permanent residents, though this is not necessary, and it depends on its location.

The Role of Foreign Capital

Duty-free zones are formed with the influx of foreign capital in mind, which is supposed to introduce high technology and up-to-date labor organization. This requires that corresponding economic privileges, transcending the mere abolition of export and import duties, be accorded to foreign capital.

In addition, the privileges should cover tax relief, reimbursable and non-reimbursable loans, principles of accelerated amortization, investment privileges, expropriation or lease guarantees, impartial procedures for settling

disputer and suspension of the national labor law. The smoothness of operations in the zone, i.e., efficient provision of various services, their high quality and promptness and low cost, is no less important for attracting foreign capital.

In the opinion of the authors of the plan mentioned, economic conditions should be considerably more attractive than they are in our country. A law, in which it would be laid down that the principles of the economic system in the zone will not change for at least 25 years, should be the guarantee of stable regulations. In the event of changes for the worse, the state would be under an obligation to compensate the loss of profits to the units which suffer the loss. Modifications in the charter of the zone may involve only making the guidelines for operations more attractive or ensuring public order.

Licenses for economic operations in the zone and guarantees of land leases would be given for the same period of time. Naturally, there would be an opportunity to extend them.

Exemption from the income tax would last not less than 5 years from the beginning of operations. This period could be extended, depending on the level of investment and profit. The maximum rate of income tax would not exceed 30 percent, with reductions possible in the case of preferred operations. This regulation ensures the competitiveness of the Szczecin zone compared to regulations in effect in other CEMA countries.

Free transfers of net hard currency profits are proposed, while a gradual repatriation of the initial capital would be allowed within 10 years, beginning, however, only from the 8th year of operation. Also, the principle of accelerated amortization of fixed assets would be applied.

A system of settlements in hard currency would be in effect in the zone. Deliveries from our country would be treated as exports to the 2nd payments area [hard-currency denominated trade]. Foreign employees would be paid entirely or partially in hard currency, whereas Polish employees would receive a part of their remuneration in hard currency vouchers, e.g. PKO [General Savings Bank] vouchers, and a part in zlotys.

Pros and Cons

Knowing that there are over 300 duty-free zones throughout the world, one may think that this is a profitable undertaking for our country. For the sake of convenience, the authors classify the benefits into direct and indirect ones.

The state draws income from taxes and various fees for the services rendered, such as leasing the land and equipment. Also, there are profits on the deliveries of energy, water, raw and other domestic materials; profits

of national contractors, fleet owners and land transportation units due to additional freight transportation; and profits on financial services. All of this augments the payments balance of the state with currency. In the cost-and-benefit analysis, these proceeds should be compared to the loss of a part of the income tax due if foreign companies, instead of setting up in the zone, would do this in our country along the general guidelines in effect for foreign investors.

However, the question is whether they would invest at all if the zone did not exist. Therefore, the calculation is rather hypothetical.

In addition, there are indirect benefits which are hard to quantify. In the parlance of economic theory, they would be called external economies. They consist of the influence by the zone on the surroundings, or the region where it is located.

The zone would push up traffic in ports, commercial exchange with foreign countries and transit. Manufacturing enterprises from the zone would contract with manufacturing enterprises all over the country, enforcing technical progress and high quality of products. Modern methods of production management would also spread.

Self-financing

Economic and geographic considerations favor the selection of Szczecin as the site of the duty-free zone. The city is situated in the center of Europe and has convenient shipping connections, including ferry service, with Scandinavia. The port group Szczecin-Swinoujscie has access to the Baltic Sea through the Szczecin Bay and Odra. Also, there is no dearth of land in the port area for the expansion of the zone and its ultimate transformation into a special economic zone. The assessment of the ground rent may be an advantage. The infrastructure which could give the zone a start exists. The relatively cheap, by European standards, and skilled labor is also an advantage Poland offers to foreign capital.

The authors were not carried away by excessive optimism. Being well aware of the restraint of foreign capital in making investment in Poland, they have envisaged three stages in the development of the area.

Development through self-financing should be the cornerstone principle.

In the first stage, typical service operations would be started using the existing assets and equipment in a separate area of the port of Szczecin (Lasztownia). The assets would be contributed by the users and founders of the zone, which would be Polish enterprises. They would embark on rendering services to clients, such as reloading and storage, including long-term; setting up consignment warehouses and units; rendering agency and freight forwarding services and handling activities: sorting, repacking, packaging and marking of goods.

In the second stage, the zone would develop in the complete scope envisaged, including manufacturing operations and financial services by the incoming domestic capital.

A territorial expansion of the zone to further port areas and those earmarked for expanding the port would depend on its success (Grabowski and Mielenski Islets).

Only in the third stage would a considerable amount of foreign investment become the driving force of development in the zone, encouraged by extraordinary benefits, efficient organization of the zone and the economic performance of its customers. This is not to say that such investors will not have the right to invest in the zone sooner, but in the initial period of its operation we should expect modest foreign investment—trial balloons of sorts.

Due to intensive development at that stage, the zone would occupy free space over the lower reaches of the Odra and the Szczecin Bay, e.g. in the direction of "Police" [plant], where land has already been developed. Eventually, manufacturing and service enterprises from Szczecin and its vicinity may be included.

The authors set no time frame for individual stages, because they are delimited as a matter of convention and could overlap. Their duration will be determined by the actual development of the zone. The authors think that each of the first two stages requires 5 years, whereas elements of the third stage may appear in either one of them.

Managing the Zone

The way of managing the zone corresponds to the projection of its development. It is known that the standard of management must be high, so that the shortcoming would not hamper the influx of foreign capital.

Administration of the zone may assume various organizational forms. The authors mention state administration, a single enterprise or a company. However, as they see it, the mode of operations by a state office runs counter to the need for flexible and innovative actions in the zone, and thus would impede the process of attracting foreign capital. A single enterprise, e.g. the Szczecin-Swinoujscie Port Authority, would be an equally inadequate master for the zone. It would not have sufficient capital for developing the zone, and, therefore, it could not be formed on the principle of self-financing. On top of that, the port authority would be more interested in expanding the port rather than the entire zone. The line of business of a single enterprise is too narrow to accommodate the management of trade, manufacturing and services in the zone. Therefore, it would be difficult to expect the required rate of growth.

This is why the authors suggest that a joint-stock company be entrusted with administering the zone. Four units—the Szczecin-Swinoujscie Port Authority, Polish Shipping Lines Ltd., C. Hartwig of Szczecin and the City Office of Szczecin would be its founders and, initially, the only partners. The shareholders would contribute primarily their own fixed assets: port equipment, stores and warehouses, land, as well as a network of contacts with the world, and cash funds. A representative of the Ministries of Finance and of Foreign Economic Relations would serve on the board of trustees, which would ensure the influence of the state on the decisions of the board and, thus, the operation of the zone. Participation by the City Office would guarantee that local interests are taken into account.

Due to complying with the principle of self-financing, the company would allocate at least 75 percent of the profit for development in the zone. It would be involved in personal contacts inside the country, and abroad, with a view to obtaining capital. The subsequent issuance of shares would be authorized by a general meeting of shareholders. It would signify the attainment of a certain degree of economic maturity by the zone. Foreign units would also be entitled to purchase shares. The company would also be able to issue securities and receive bank loans.

In its capacity of a founding company, it would approach the authorities for setting up the zone. It would furnish to the authorities for endorsement the legal and organizational outline of setting up, operating and developing the zone, e.g., the outline of the economic system in the zone, the outline of settlements by the company with the state budget and the local budget, the outline of arrangements for residence, work and remuneration in the zone, the outline of hard-currency transactions and supervision by the state, and the extent of interruption in or restrictions on economic freedoms in the zone.

A Step Towards Efficiency

Throughout the world, there are many defunct zones. It is understandable that it is not worthwhile to engage in implementing a structure which will not yield meaningful hard-currency income.

Foreign capital always looks for the most financially lucrative investments, measuring the expected extraordinary profits against the risk. This is why the regulations passed in Poland should be at least as attractive as those in other CEMA countries and Northern Europe.

However, legal guarantees alone will not suffice to guarantee the success of this undertaking. The efficiency of its operations is equally important. This is why the administration must take care of competitive pressures and of simplifying, as much as possible, the procedure for various formalities, including licenses for economic operations and passport matters. There is no chance for

the zone to succeed without installing automatic telephone and telex lines, satellite TV and computerization. Also important are housing conditions and hotels, efficient transport links with our country and foreign destinations. An airport capable of serving international traffic would be helpful.

This list alone suggests how large the investment outlay would be. Will the company be able to accumulate adequate funds without state subsidies, using the support of its own domestic and foreign capital? A lot depends on the climate in which the zone would begin to emerge. After all, ideological reservations have not been completely overcome; one encounters the view that this would amount to selling a part of the Polish territory to foreign capital.

This is not the case, because Poland retains sovereign power over the territory of the zone. Lands are leased, and restrictions on economic freedoms are intended to safeguard the interests and security of the state and the natural environment. The concept of a duty-free zone, or rather a special industrial zone, revises the well-worn mental schemes and belongs among the elements of opening the Polish economy to the world. Only an open economy may contain the process of Poland falling out of the international division of labor and protect our country from pauperization on a world scale.

Nobody in his right mind believes that the duty-free zone will solve the problems of the Polish foreign trade. Setting it up must be a step towards efficiency.

The draft prompts us to ask questions, e.g. how are the conditions for foreign capital in the zone and in our country to be made consistent, so that the capital would not flow to the zone alone? What would the consequences be of compensating Polish employees of the zone in hard-currency vouchers and zlotys—after all, this means endorsing dual currency use? Can we really plan on the influx of modern technology, and is there a danger of having simple operations, or even [environmentally] "dirty" industries dumped onto the zone? These are just examples. As it were, questions will also surface in the course of implementing the undertaking. The draft provides a good foundation for beginning it. In opting for this undertaking, we should, however, be aware that any incompleteness of arrangements will rob Poland of the benefits of this enterprise. Time also matters—those who are the first always have an advantage over imitators.

9761

Enterprises' Mutual Ties Seen At Odds With Workers Councils, Self-Management
26000384a Warsaw ZYCIE GOSPODARCZE in Polish
No 27, 24 Apr 88 p 3

[Article by Irena Dryll: "Wave After Wave"]

[Text] From the No. 1 hero of the reform endowed, at least in theory, with the "three S" [autonomy, self-financing, self-management], the state enterprise is turning into something of a building block which may be

fitted into various arrangements: concerns, consortia, unions and companies. This is fine, provided that the workforce so desires, the enterprise does not have to give up its identity or self-management due to its organizational affiliation, and, most importantly, the economic effect of the new arrangement will be better than the results attained thus far.

Proceeding from the above conditions, I have some doubts as to whether the new wave of concentration and other links between enterprises looming on the horizon will meet them. The first forerunner of this new concentration has been and is the "Elpol" Concern Ltd. (I consider "Megat"-type concentration or the iron and steel "Union" to be "old.") It still "is," because it is growing. For example, recently the previously intransigent producer of color CRTs "Polkolor" joined the partners.

He Promised That They Have Promised Him

"They tell us that we have to decide fast, because the opening for hard currency and zloty preferences will close. State money is used to win over the partners and bribe the workforces. By no means is the pressure for concentration weakening," argued Chairman of the "Polkolor" Employee Council Andrzej Dobies. This was several days before the council decided to join the concern-company, during the discussion at a seminar (on 30 March 1988) at the ANS [Academy of Social Sciences] of the PZPR CC, sponsored by the Institute for the Study of the Working Class of the ANS and the Center for Self-management Studies of the Council of State, within the framework of a continuous cycle. The title was "The Enterprise and Workforce Self-management in the New Organizational Forms of Industry." Dr. Adam Noga, from the SGPiS [Main School of Planning and Statistics], and Prof. Leslaw Wasilewski, Secretary of the Party-Government Commission for Reviewing and Modernizing the Organizational Structures of the Economy and the State, opened the proceedings.

"As far as "Elpol" is concerned," said the professor, "I know how it is built, but I do not know how it operates. The structure is that of a concern with the apex turned downwards, which remains under the control of partners. For the time being, its financing is based on a segment of product-oriented subsidies. Those staying out of the concern enjoy the same preferences as its members, because the preferences apply to all involved in implementing the program of developing electronics."

As the statement by Prof L. Wasilewski suggested, the only difference is that the "freelancers" have to, as he put it, quarrel with the treasury chamber over whether the preferences were or were not used for the above program. The speaker noted that there is a preliminary study suggesting that "Elpol" cannot be taken to court by

virtue of the law on counteracting monopolistic practices, as far as its structure is concerned. It could be, if it turned out, for example, that the preferences are to be organization-oriented, that they are allocated only to the members of the concern.

At the time the professor provided this explanation, "Polkolor" was still an outsider, and only rumors were flying about differentiated preferences. Therefore, the chairman of the council did not bring up the preferences, but instead shared the following observation:

"I was very much surprised that the anti-monopoly organ has given "Elpol" its blessing.

In the professor's opinion, "Elpol" strives to demonopolize the subassembly supply, and this is a reason, he suggested, why "CEMI" (one of the few enterprises who have resisted the charms of this impressive body—note by I. D.) can have some relations with the concern. He also recalled the statement by Deputy Prime Minister W. Sadowski:

"I have nothing against concern structures in electronics, provided that there are several of them." There are, he said, suggestions to set up other structures, e.g., "The Polish Postal System" plus electronic enterprises.

With reference to the statement by chairman A. Dobies, he said that there also are suggestions to set up a separate capital concentration center for electronics on the basis of "Polkolor."

To which the chairman retorted:

"I have not heard about such suggestions. The management only strives steadfastly to join 'Elpol.' We've been hearing various news. I know that some letters are going back and forth among Minister [of Industry] Bilip, Minister Wojcik and Minister [of Finance] Samojlik, which suggest that, after all, the ones in the concern will have greater preferences."

As it turned out several days later, the effort was crowned with success; on 5 April, the employee council of "Polkolor" enterprise decided to join "Elpol."

"The director," says A. Dobies, "claimed that he has greater preferences promised to him. However, he either could not, or would not, show a decision on it in writing. This is how it goes: the retained hard currency allowance for the member enterprises of 'Elpol' will be 50 percent, and for those remaining outside the concern—40 percent. For us, it means \$1.8 million more, not a mean sum. Also, a reduction in the income tax will be greater. Last year, our tax rate was 65 percent, brought down to 58 percent by the export reduction. This year, after joining 'Elpol,' we are to pay 40 percent. This means 1.4 billion zlotys less."

It looks like the professor, the same as minister Samojlik, who assured in these pages that the preferences for those implementing the program of electronization are similar, did not anticipate the further turn of events.

Though the director only "promised" and did not present any documents in writing to the council, 16 of its members voted to join and 7 were against after 3 hours of debate. From among the opponents, four (chairman A. Dobies, Stanislaw Dawidowski, Jan Sidorowicz and Marek Szajderski) entered a separate vote motion on the decision of the council.

However—and this is curious—the general meeting of delegates held the next day (6 April) took an unfavorable view of the council decision, despite the director making the same argument before them. In their resolution, the delegates called for suspending the execution of the council resolution until the case is reviewed by a special commission consisting of council members, with the participation of experts.

I do not know whether and how the council will respond to the opinion of its electorate. Pursuant to the law on self-management, the final decision rests with the council rather than the general meeting. However, regardless of the outcome, I am quoting the above example as a very symptomatic one: the majority corrects the minority, which presumably is more inclined to trust the director. The delegates demand convincing economic proof.

For now, it ended in setting up a meeting between the most steadfast opponents with representatives of "Elpol" management.

Voluntary "Resignation"

In the "Telkom-Teletra" enterprise in Poznan, the case was the exact opposite: the council revoked its unfavorable resolution on joining "Elpol" under the influence of a meeting of delegates convened through emergency procedures; 67 among them were in favor of joining the concern-company, 66—against, 11 abstained and one vote was invalid. Out of 13 council members, eight, influenced by the opinion of the delegates persuaded by the arguments of the director who is good at convincing, decided to vote in favor of joining, 3 were against and 2 abstained. Five persons entered a separate vote motion on the decision of the council, and its chairman Andrzej Judek, deputy chairman Andrzej Jankowski and secretary Miroslawa Perz resigned from council work.

Chairman A. Judek explained the motives for his actions to his electorate in a statement which follows:

"The conflict between the council and the director, which preceded the decision on joining, was of fundamental importance, because it involved differences in

the envisioned concept of development of the Polish economy in the immediate future and directions for 'Teletra' operations under the reform.

I believed that counteracting 'Elpol' amounts to counteracting monopolistic and centralization tendencies to which, among other things, we owe our current economic retrogression. The resolution by the employee council approving joining ['Elpol'] amounts to the council taking a direction of operations which I cannot accept. It means, among other things, that the council transferred a whole array of decisions affecting 'Teletra' to the discretion of 'Elpol' management, while it is not precisely known what directions such decisions will take, because the concept of 'Elpol' has not yet taken final shape (resignation occurred on 30 November 1987)(...) I cannot and do not want to accept a share of responsibility for this position.

My decision is due to my adherence to the principle that in democratic organs, such as the employee council, the majority should rule. If a minority does not agree with the majority on fundamental issues involving the direction of activities of this organ, the minority should yield."

The statement ends with the expression of appreciation "for director Kolodziejczak, as a director who knows how to cooperate with self-management organs and as my opponent on the 'Elpol' issue for persistence and pertinacity in reaching the goal."

Three "Teletra" self-management activists, headed by the chairman, gave up their posts, despite the fact that "the favorable" resolution of the council on joining reiterates all the reservations contained in "the unfavorable" resolution adopted before the emergency meeting, and also contains a very important provision affecting the director:

"The director undertakes to withdraw from the company pursuant to a resolution of the employee council in the following cases:

1) if the company embarks on managing the enterprise in a high-handed manner, restricting its autonomy and self-management;

2) if the documents submitted do not become legally valid or will not be implemented (... mentioned here are a letter from the minister of foreign economic relations, minister of industry, and the settlements of the latter with the minister of finance—note by I.D.);

3) if the company will perform operations running counter to the interest of the enterprise;

4) if the economic performance of the enterprise worsens due to joining the company."

The ones who have tendered their "resignation"—if this word can be used with reference to volunteer work even in quotation marks—decided that this does not suffice for them: the council should not "beat a retreat."

I am not quoting here arguments on the merit of the case, because the "Elpol" issue was discussed at length in the pages of our paper by Marzena Kowalska and Tomasz Jeziorski (also in ZYCIE GOSPODARCZE 1987, No. 41). For the sake of being precise, I will only recall that the council stressed in its opinion paper that it is not opposed to forming companies with state enterprises "... and even Polonia enterprises and companies, private shops and natural persons, if such companies provide an economic justification for their existence, map out the most profitable directions for operation of all eventual partners and submit economic calculations of profits by both the company and its partners." The council suggested that the management consider, among other things, the feasibility of eventually supporting the initiative of setting up a bank for the electronization of the country, which is referred to in the appendices to the program of electronization of the national economy, adopted by a resolution of the Presidium of the Government on 30 March 1987.

I mention these facts because they appear to testify eloquently that vigorous councils are a serious partner responsible for its decisions, which cannot be deemed hasty. They are a partner with certain convictions, who you may or may not agree with, but whom you should respect.

Nobody Got Elected

It is a pity that not one self-management activist got elected to the "Elpol" Board of Trustees.

Said A. Judek at the ANS seminar (the sponsors also invite former chairmen of councils, for which they ought to be commended): "First, the board was supposed to include 11 persons, then four persons were added with the provision that these will be slots for self-management people. At present, there are 19 persons on the board, several government people serve on it. However, there is not a single representative of employee councils."

Three representatives were candidates: a council chairwoman from "Lamina," chairmen from "Tonsil" in Wrzesnia and "Meramat" in Warsaw. The one from Warsaw, Szczepan Saczuk, told me during a break in the discussion at the seminar:

"Activists like us stand no chance at all. Members of the Board of Trustees were elected by 96 directors. They know each other, but they do not know us."

They voted by shares of one million zlotys. As far as I know, Deputy Prime Minister Zbigniew Szalajda got the most votes (over 800). The chairman from "Tonsil," Andrzej Frackowiak got 529, and this fell four votes short of the number needed to get on the board.

No self-management activist passed through the eye of the needle....

Since we are on the topic, let me quote the explanation by Prof L. Wasilewski, who said that the deputy prime minister who is a member of the "Elpol" Board of Trustees contributed the honorarium due him in this capacity for social projects (the board is chaired by the director of "Eltra" from Bydgoszcz, Czeslaw Hoppe). The professor also added that the Council of Ministers will establish which government representatives may serve as members of the boards of trustees of capital accumulation structures.

He said: "The intention is to limit eventual participation to the level of department director."

"Counting from the top or from the bottom?" asked somebody from back in the hall, but, unfortunately, the professor did not hear.

Let us, however, leave "the level" alone and tackle the notion of capital accumulation structures.

After all, "Elpol" is a structure for capital concentration rather than a monopoly, as stated by Minister of Industry Jerzy Bilip (I am quoting from press bulletin No. 599, which contains a report on the meeting of the Sejm Commission on Industry on 24 February 1988). The minister pointed out that the deputies themselves recommended concentration of this type in the discussion on the electronization of the economy.

"The government accepted this proposal, and somebody had to pick up the gauntlet. I was the one to do it, and now the 'Elpol' affair is being associated with my person. However, I would like to stress that the concentration of capital is proceeding due to the initiative of the lower echelons. Now we are having to deal with various proposals originating in the iron and steel, chemical, cement and paper industries. I think that the concentration of capital may bring about solving many problems of individual enterprises."

It is hard to disagree with this. Moreover, we have repeatedly stressed in our publication the need for unblocking the flow of capital and carrying out changes in the economy exactly on the basis of capital [concentration] processes. This, however, should hinge on economic calculations and interests. This is what should "herd" the enterprises so far grazing alone into a huddle, or a concern or company. Thus far, however, the "interest" conjures up mainly the opportunity for pressing the center and "snatching" the largest possible slice

of the proverbial pie for one's branch. As Arkadiusz Goj from the A. Warski shipyard in Szczecin observed, the branch "lobby" is quite as strong at the enterprise level as it is in higher echelons.

Let us return to the seminar:

"The conviction that the economics will improve when entire industries merge turns out to be a myth, in light of the studies," argued Dr Adam Noga in the introduction to the discussion.

As he sees it, the structure of our economy is built on the 19th-century linear concept: large enterprises—large production. The superconcentration, which still has supporters, does not make economic sense now.

"We are registering various initiatives in founding enterprise groups, but the goal is to negotiate for some kind of a system of organization-oriented aid. This is the case with, for example, the cement industry," said Prof Wasilewski.

With reference to the above statement, Prof Marek Dabrowski (Institute of Economic Sciences of the Polish Academy of Sciences) suggested that under such circumstances it would certainly be better to restructure the financial system, and even reduce taxes, than, as he put it, to push structures which arise mainly in order to change the system of financing into one more favorable for them.

The New Creature

"Megat" may be a classical and historic example, as well as the "Union" in the iron and steel industry operating along different guidelines.

Two and a half years after the birth of the Union of Producers of Power Industry Machinery and Equipment "Megat," the audience at the seminar learned that an industrial creature has come into the world which actually lives in the twilight zone. I think I am entitled to this comment in view of Prof Wasilewski saying:

"Everything that goes on in the sphere of management there contravenes the law."

The tax on the sum of profits paid by former enterprises thrown into the "Megat" bag is very much lower than it would be on the profits of individual [enterprises].

As the presenter put it, "studies on the operation of this colossus done by the Institute of Administration for the party and government commission give us no basis for stating that the economic performance has been affected favorably or unfavorably by the merger."

Prof M. Dabrowski asked: "Why was the setting up of this grouping initiated in the first place?" In turn, Dr Ryszard Kozlowski (Institute of Administration and Management) observed:

"First, they put together this creature in contravention of the law, and then they analyze and research it—after, not before, the fact."

Likewise, the "Union of Iron and Steel" was, to the professor's mind, an organizational form not complying with the law. "Was," because, as he said, there are signs of the ties coming undone. The "Union" has no future. It was supposed to be an institution accumulating funds for development, but, for various reasons, little came out of it.

"These were promises made to be broken. Over the entire existence of 'the union,' we had absolutely no opportunity to manage the so-called interplant transactions or influence the direction of modernization. The ministry has not given up any of its powers, and at present we cannot see this happening, because the so-called storehouses took over these powers," said Chairman of the Employee Council at the "Katowice" Iron and Steel Mill, Tomasz Piwowarczyk, in an interview to TYGODNIK ROBOTNICZY (No. 12, 1988).

For this and other reasons, the mill-originator of "the union" submitted its resignation from this organization in December of last year. However, the chairman stressed that in many iron and steel mills they are discussing other forms of cooperation:

"It is hard to predict at this point whether it will be a concern or a combine system."

Those who tried to sober up the enthusiasts of "Megat" or "the Union"—and our paper was among them—may have the "I-told-you-so" kind of satisfaction. This is a dubious pleasure, especially given the lack of certainty that proper conclusions will be drawn from the sad experience described above.

Both our domestic publications and the report by the World Bank mention excessive concentration of our industry. It is estimated that as many as 74 industries out of a total of 174 operating in our country are monopolized to varying degrees. The term "monopoly" can be fitting for 921 producers, including, among others, producers of automatic washers, freezers and even irons. Does concentration in the form of concernization—which many producers dream about, and the minister of industry favors these dreams—actually give the Polish economy a chance? And is this a chance to break the monopoly, as minister J. Bilip maintains?

He said at the aforementioned meeting of the Sejm commission (I quote from the press bulletin): "I am not afraid either of 'Elpol' or other large organizations. They are a form used commonly throughout the world, and they make it possible to solve various problems."

He also added: "There is a tremendous difference between our concerns and the capitalist ones. We have a considerably greater opportunity to influence the concerns, and at the same time the autonomy of directors-in-chief of the concern or, say, enterprise directors is several times greater than under the capitalist system. The problem is that half the directors do not know it, or know, but fail to take advantage of it."

Let us leave it to the professionals to determine whether concerns in our Polish edition are good for everything and everybody—for the producers of cement, medicines, ships, steel bars and panties. It is more essential to determine what is behind the old love for concerns not getting weaker and, as shown by the discussion at the ANS, a new rising wave of concentration.

It appears that, along with the technologically and economically justified concentration, we are having to deal with forcible, artificial concentration, which is rooted in the shortcomings of a financial and fiscal nature. The slogan "hang together, honorable gentlemen!" finds a response in the form of a greater dose of [tax] reductions and preferences, as we may see in the freshest example of "Polkolor," if nothing else.

The already quoted Dr Kozlowski said that employee councils receive documents which suggest that, if they "belong" to something or other, not only will their enterprise get to keep a little more money, but there will also be more in the account of the concern or company. Everyone wins....

Therefore, along with "Elpol," "a concern-company Espol" of household appliance producers is being set up. Its principles of operation are similar, because they are "copied" off those for "Elpol."

With these and other proposals, it is worrisome that there is a trend towards reducing the powers of self-management and that all modifications are made without a study of self-management experience to date.

In the course of a previous discussion at the ANS, Prof Ludwik Bar recalled that some time ago a consultation for employee councils was held by economists and lawyers at the ZG PTE [Main Board of the Association of Polish Economists], the topic being: should we or should we not join the "Megat" Union. The councils were advised, in keeping with regulations in effect, to seek an economic justification for setting up this type of structure from the initiators of this undertaking. However, the councils were not strong enough to exact it. We also know that they were convinced by "additional arguments."

The professor said: "A dignitary came, promised an extra two thousand [zlotys of monthly wages], scared them a little and got their consent." (For the sake of being precise: some have gained considerably more in their wages—note by I. D.) Then the professor commented on this fact as follows: "There is this Latin proverb—I was forced to, and yet I wanted it."

I believe that this is a good "memento" for the immediate future.

9761

Furniture Factory Increases Productivity, Market With Foreign Capital

26000433b Warsaw ZYCIE WARSZAWY in Polish
6 May 88 p 3

[Text] DZIENNIK POLSKI (28 April), an interview with Adam Pawlik, managing director of Krakow Furniture Factories and proxy for Furnel International Ltd (a limited-liability company with a branch in Krakow), by Janusz Jakubowski:

[Question] Are Krakow Furniture Factories (KFF) now in the hands of capitalists?

[Answer] In our specific case, the English firm's capital has only a 35-percent share. Moreover, all of the machines and the entire fixed assets remain in our hands, therefore there should be no fear that capitalists have taken over KFF.

I can assure you that the business is extremely profitable not only for the country, but for each plant individually. Thanks to this, our factory has become stronger on the foreign markets, is able to buy good machines and tools, and can apply modern technologies.

Furnel Company employs 500 workers and 130 remain in KFF. Basically, this is a formal division—in essence, the enterprise comprises a cohesive whole.

The raw-materials barrier has been largely overcome and as a consequence, our work proceeds with fewer interruptions. In February, production was 12 percent higher than in January, and in March it was 23 percent higher than in January.

As soon as the company started up, a brigade system of wages was introduced. We pay workers only for the finished product. The division of the allocated sum is made by the team itself. Production departments have been eliminated. Wages have risen 60 percent. The atmosphere in the plant has improved greatly and there is more concern about the care of the shop.

One more interesting aspect—sick absences have dropped in half, which does not mean that we have become "inhumane" towards our workers. It is simply that they observe each other and know who is cheating. And they know that in our factory we don't pay them for it.

9295

Locally Made Pirated Products Appearing in Market

26000433c Warsaw ZYCIE WARSZAWY in Polish
6 May 88 p 3

[Text] Krzysztof Zak, in ECHO KRAKOWA (23-24 April):

"Recently 'Polservice' received a letter from Suchard-Jacobs, the Swiss firm which produces the 'Toblerone' chocolate bar, known throughout the world for its characteristic triangular shape. It seems that in some shops in Warsaw and the surrounding area, a 'Nugat-Block' bar has appeared, made in the "Anko" candy factory in Jozefow near Warsaw. The same triangular packaging, the same colors.

The Swiss write that they have never before eaten such horrid stuff. They demand that 'Polservice' take all steps to see to it that this rare garbage never again appear in the Polish market. The dishonest craftsmen has received the necessary warning.

This is not an isolated case. The French firm, Parfums Guy Laroche, discovered that its trade-marked "Fiji" perfume is being produced by the Polonia company Elander, packaged in a shabby little leather bag and sold in every Ruch newspaper kiosk."

9295

YUGOSLAVIA

Doubt Cast on Effectiveness of Latest Fiscal Measures

28000118 Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 29 May 88 pp 16-17

[Article by Scepan Rabrenovic: "Personal Incomes: The IMF Is Faster Than the Reform"]

[Text] The International Monetary Fund has not been popular in Yugoslavia even before this. One of the criticisms was that in its policy it was restricting the country's sovereignty. Following the enactments restricting personal incomes which were adopted in the Assembly of Yugoslavia on 15 May it could happen that all of the dissatisfaction would be passed on to that international financial organization, that is, on to its 1-year agreement with Yugoslavia.

To spell it out, under this agreement inflation in Yugoslavia would not be higher than 95 percent by the end of the year. It is well-known that it is not easy to reduce inflation from 160 to 95 percent, which is why this agreement envisages restricting all forms of expenditure along with restrictive credit-monetary policy. The limitation on the growth of earnings is envisaged in three phases: over the first 6 months of this year compared to the same period of last year personal incomes may rise no more than 139 percent, for the first 3 quarters 132 percent, and for all of 1988 compared to 1987 personal incomes may increase 119 percent on the average. All of this has to do with the economy, while earnings in noneconomic activities would be reduced another 7 percent.

Under the enactments adopted, every enterprise and every institution, when it pays out personal incomes, will be compared to itself, so that monitoring by the Social Accounting Service will be simplified as well.

Two Sets of Calculations

When he announced the limitation on personal incomes in early May, Janez Zemljarić, federal vice-premier, said that all sets of computations showing that earnings will be reduced were inaccurate. These past several days, however, reports have been coming in from all parts of the country to the effect that earnings based on the enactments adopted will be down between 10 and 30 percent, and in some places even more. In certain Novi Sad enterprises, for example, they decided to pay the entire work force the same—200,000 dinars—in order to avoid social unrest.

The disturbances that have occurred in enterprises in recent days are being explained in terms of protests against the diminished motivation and leveling. For example, even those collectives which up to now have respected all the enactments concerning distribution envisaged, will have to return their earnings, which gives rise to the question: How can a government negate its own laws which were in effect until yesterday? Those enterprises where the employees had low earnings in the first 6 months of last year and which are now in a better economic position because of innovations and changes in production program will also be in an unfavorable position.

The largest reductions will fall on those employed in enterprises which have above-average business results. Their earnings may be only a few percentage points higher than the envisaged restrictions, while those employed in enterprises which have losses will have to restrict earnings to a level just a few percentage points below the average. Thus differences between the worst and the best will be almost negligible.

In view of the fact that real earnings have been dropping over the last several years and that there has been large-scale impoverishment, the new restriction on earnings will be hard to bear. This is also a possible explanation for all the possible reproaches which will be addressed to the International Monetary Fund. (Leaving to one side that the calculation that earnings are the highest cause of inflation is not really a reliable one. There are quite a few people who think that the domestic debt of \$16 billion is the largest spender without coverage.)

The Sowing of Cockle

At the same time, the explanation will most probably not be voiced that Yugoslavia would have had a still more difficult time without the agreement with the International Monetary Fund. That agreement, in other words, envisages not only postponement of debts which have come due, but also a new credit in the amount of \$1.4 billion to "overcome present difficulties."

It is known on good authority that under present conditions Yugoslavia cannot repay the debts which have come due for settlement, and the International Monetary Fund has done nothing other than to help Yugoslavia to equip itself to repay the debts in the foreseeable future. This is actually the old story about the two farmers: one borrowed money for planting, but did not make the best use of it—he spent some in a tavern, and instead of seed he sowed cockle in the ground. Thus his debt doubled: not only did he remain in debt, but he had no crop.

The farmer who had lent the money was forced not only to defer the debt, but to lend more money to the other farmer for a new planting. Covered by certain additional guarantees, of course.

Objectively, Yugoslavia is not an overindebted country. With its economic potential, in which the large number of skilled people is its greatest advantage, it might easily meet its obligations to foreign creditors. (There are many countries deeper in debt than Yugoslavia for which repayment of debts is no problem at all.) However, it is not enough just to plant a crop. The land first has to be plowed and left fallow and fertilized in good time. Which accounts for statements like this: even if Yugoslavia were forgiven all its debts, if there is no reform of the economic and political system, it would again fall into a crisis in a few years.

The International Monetary Fund is not calling upon Yugoslavia for anything more or less than is written in the Long-Range Economic Stabilization Program. Everything contained in the 1-year agreement mentioned was also written down in that program. But it also stated something more: that reforms are indispensable.

The Crisis Compounded

Many things have happened in the country over the last 5 years. Following adoption of the Long-Range Economic Stabilization Program, the Critical Analysis of the Functioning of the Political System was adopted. These two documents stand in utter opposition to one another; these are two different policies and two different ideologies, and so the Critical Analysis has blocked the Long-Range Program: the stalemate has only increased the crisis.

No one disputes that the measures contained in the agreement between Yugoslavia and the IMF are sound, that is, that they are suitable to countries with market economies. Such measures have been taken by all the countries which have brought down a high rate of inflation. However, it could easily happen that those measures would be unsuccessful in Yugoslavia and that the people would pay for this kind of restrictive economic policy in terms of still greater impoverishment. Before these measures a reform should have been carried out of the economic and political system so as to create conditions for the economy's market behavior. That is the first condition: an enterprise which is the titleholder of social property and is economically and politically independent. The debate about what will be changed in the economic and political system is only now being conducted, and it is uncertain when anything will be adopted. (The fact that the most prestigious Yugoslav economists did not agree to be members of Mikulic's commission for the reform is an important indicator of how much they (do not) believe in the disposition of the official in favor of reform.)

Even if all the changes in the economic and political system are perfect, the measures contained in the agreement between Yugoslavia and the IMF will remain in effect until they are adopted. And that is the same as though we threw the seed in an unplowed field and hoped for a good crop. If the IMF anticipated the Yugoslav reform can explain all the doubts that the newest measures can yield good results as well as the assertions that under the pressure of social unrest Yugoslavia could retreat from them, then inflation could be higher than 200 percent as a consequence of that retreat.

When one is aware of all this, then the recent debate of confidence in the Federal Executive Council conducted in the Assembly of Yugoslavia can be clarified as a debate about whether the present federal government has conducted a policy over the last 2 years as was set down in the Long-Range Program or the policy on which the Critical Analysis insists. Actually, this was a continuation of the debates over many years which have been conducted in the country's political elite, debates which the people have known very little about. Which is why most people in the country are so little interested in what happened in the Assembly of Yugoslavia on 14 and 15 May.

[Box, p 16]

Our Daily Bread

The most recent restriction on personal incomes will seriously affect all Yugoslavs. That is why, so we have learned, they are thinking in the federal government about relieving the situation by instituting compensation for "people's" bread, oil, and milk, and thought is also being given to introducing compensation for certain other foodstuffs and services as well.

Calculations have already been made showing that compensation for bread would require 66 billion, compensation for oil 39 billion, and compensation for milk 105 billion dinars. It is just that no one knows how such large funds are to be furnished, and the possibility is not even being rejected of doing this with the resources which Yugoslavia has obtained from foreign creditors. The government would in that way directly acknowledge that the country is in a situation where it depends on the price of bread.

Or it might happen that producers in Yugoslavia would be divided into two parts: those who adjust to market conditions and suppliers. Under those conditions the suppliers are always in a worse position.

07045

Incongruities in Financing of Underdeveloped Areas Explored

28000119 Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 29 May 88 pp 20-23

[Article by Milan Milosevic: "The Underdeveloped: The North in the South"]

[Text] The underdeveloped parts of areas which are developed are developing advanced parts of areas which are underdeveloped. Both the advanced and the underdeveloped are convinced that they are being exploited in this process.... These are the striking paradoxes of regional development in Yugoslavia.

Although it takes up a third of Yugoslavia's net accumulation, the financing of the underdeveloped, as Caslav Ocić, an economist who has published several papers on regional development, concluded in an interview with NIN, it is ineffective and unmonitored. The system is so designed that everyone wants to portray himself as underdeveloped. So that they are fighting for that status rather than for development. The rigid policy also results in an increase in the number of inhabitants in areas which have the status of underdeveloped: in 1965 the underdeveloped region had 33.84 percent of the Yugoslav population, in 1984 that percentage was 37.4 percent, in 1990 it will be 40.23 percent, and in the year 2000 it might be 42.5 percent! This itself indicates the failure of a policy.

Symbolic Modernization

It sounds absurd, but the underdeveloped have actually been facing the problem of a relative abundance of money. There is something, Ocic says, called the absorptive capacity of an economy, and it depends on organizational abilities, infrastructure, the level of development of markets, industrial tradition, the level of training and skills of manpower, in short, on the quality of the social environment. There is no economy in the world which can efficiently invest more than 40 percent of the social product. Everything beyond that brings a diminishing return, like pouring water into a glassful of wine. There have been years when the investments in Kosovo were greater than the social product. In the context of "soft budget restriction" this necessarily leads to low economic efficiency and causes various deformations in development. Our underdeveloped offer a textbook example, as Galbraith would say, of "symbolic modernization"; they have built something large, something that is seen, that seems important and which above all is supposed to symbolize state sovereignty....

"The fact that three federal units are now in need of financial rescue," in the judgment of Veljko Saljic, who deals with the problems of regional development in the Planning Bureau of the Republic of Serbia, "shows how defective the policy of stimulating the underdeveloped has been up to now."

15-Fold More

This is not only a product of the crisis—Saljic explains the large failures of the underdeveloped by saying that the underdeveloped have not been paying an economic penalty for failures. The bills for every failure they have can be presented to the Federation, there is no price on capital, the interest on development credit is low and not economic, and the repayment periods are long.

Between 1971 and 1975 the system of financing with outright grants from the Fund for the Underdeveloped was abandoned and the institution of the compulsory loan went into operation. The resources of the Federal Fund for the Credit Financing of the Underdeveloped Republics and Provinces, additional funds from the federal budget, and foreign credits were used for development of the underdeveloped. Between 1976 and 1980 the underdeveloped used 64 percent of the credit which Yugoslavia obtained from the International Bank..., and over the period 1981-1983 all of 68 percent.

Still this did no damage to the distributive model of the economy that was standing in the way. Much more would have been gained by improving the general conditions for efficient conduct of economic activity than from the haggling back and forth over redistribution of the available product. According to the calculation of Prof Pavle Zihel of the Law School at Ljubljana University, if the efficiency of social capital over the period 1964-1985 had not fallen 40-50 percent, but 25 percent

(this is a great deal, but it is not impossible, since that level of efficiency had already been attained in the past), Yugoslavia would in that year have had a social product about 28 percent larger than was achieved, and that means almost 15-fold more resources than those collected for development of the underdeveloped.... If, for example, the underdeveloped had maintained the efficiency of earlier years, the sixties, they would have had for development sixfold more resources of their own than those which they obtained from the advanced.

As soon as the advanced and the underdeveloped are mentioned, the topic takes on the character of ethnic debate, although there is not a single republic that is ethnically homogeneous. Veljko Saljic, MA, also observes that there is not a single republic or province which is compactly underdeveloped. Underdevelopment is after all "confined" to enclaves, some of them large, some of them small.... Nevertheless, the money for development of the underdeveloped has most frequently gone for the advanced parts of the underdeveloped. In Bosnia-Hercegovina, for example, 70 percent of the investments have gone to centers, and only 30 percent to the underdeveloped "periphery."

There is no economic explanation as to why Kosovo is so highly urbanized—the share of the farm population in the total population in Kosovo is not the highest in the country at 24.6 percent, which is less than in what is referred to as Serbia proper.

The whole problem, Caslav Ocic feels, has been reduced to diminishing differences, and all the other dimensions of regional development have been neglected: ecology, demography, urban planning, utilizing comparative advantage, interregional integration, optimum geographic location of production and population.... In certain other countries the results of regional policy are reviewed every 10 years. Between 1947 and 1965 Yugoslavia modified on three occasions the area of underdeveloped regions which received federal assistance for accelerated development. Over the last 20 years there have been no changes at all, as though nothing has been happening on the Yugoslav regional scene. The Law on the Underdeveloped Republics and Province of Kosovo has perpetuated that situation to the year 1990.

There is a need to abandon an oversimplified division which has never corresponded to reality and to adopt a more complicated and realistic classification of areas according to the degree and structure of development. Research shows that we should actually have a four-way division—between 1965 and 1984 Slovenia was the most advanced region, Croatia and Vojvodina were advanced regions, Serbia proper, Montenegro, Bosnia-Hercegovina, and Macedonia were underdeveloped regions. Kosovo was the least developed region. Accordingly, we need a more differentiated approach to the policy of regional development. It is necessary to define specific strategies for each of the regions as well as for the whole. The regional and global optimum also has to be taken

into account, which presupposes a reassessment of the goals of regional development. Why is this not possible? Because agreement does not exist on the need for the existence of a Yugoslav policy of regional development that would be a part of general development policy. Absolutized republic-provincial sovereignty conflicts with the logic of development and has been diminishing both regional and global efficiency.

The Underdeveloped Parts of the Advanced Regions

Why is our overall model of regional development so rigid and why does it not encompass all the underdeveloped? The underdeveloped federal units are against having the opstina as the unit of observation—the right of sovereignty (read "the right to unlimited disposition of federal money") is defended with the argument that it would lead to a high dispersion of capital. On behalf of "their own sovereignty" the advanced do not consent to the Federation dealing with the opstina. Underdeveloped is an "internal matter," even though in many areas this is a social welfare bomb whose implosion could be just as dramatic as an explosion.

In the underdeveloped opstinas of Bjelovar and Gospic in Croatia the net result of migration is twice as large as the natural population growth, and the population of Gospic, for example, has dropped off all of 28 percent, and the mixed ethnic composition of this region gives particular importance to that fact. In an environment of underdevelopment in the south of Serbia we have a quite unusual demographic phenomenon: the overpopulation of Kosovo and demographic boom and some 20 km further on the so-called white plague—depopulation of an area. In 47 opstinas of the underdeveloped south of Serbia the population dropped off 54,500 between 1971 and 1981. Crna Trava has 41.2 percent fewer inhabitants, Trgoviste 33 percent fewer.

Ljubisav Lilic, member of the Executive Council of the Republic of Serbia, recalls that Serbia has 67 underdeveloped opstinas with a population of 1.7 million, a third of the republic's population. Some 20 opstinas are extremely underdeveloped, they come up to only one-third of the average level of development in the republic, many have unfavorable migrational trends, and yet the border opstinas, for example, have strategic importance....

In the words of Dr Bozidar Cerovic, delivered in a meeting of the Presidium of the Republic Conference of the Serbian SAWP, if the region of Belgrade is omitted, two-thirds of the opstinas in this republic would be covered by the policy of stimulated development. But that would be too large a bite to swallow.

Thought is being given in Serbia to establishing a committee for the underdeveloped which would organize the activity of the many institutions concerned with the underdeveloped. One can hear it said that such an institution should not be a part of the government, but

the main problem is what kind of strategy to devise in the view of the scarcity. Lilic thinks that we should to some extent change our past practice of "giving everyone a spoon," since there is no development unless the critical economic mass is attained. In this republic the Kopaonik model of development is considered desirable, along with concentration and simultaneous construction of infrastructure, projects, and development of marketing.

Still the prevailing opinion seems to be that the construction of numerous centers of local communities will halt the depopulation of the underdeveloped area. The strategy up to now has been characterized by the financing of many small plants, culture centers, outpatient clinics, and small business projects. There has also been criticism of this model—we should not exaggerate and because of the Smederevo complex and large investments in heavy industry in the north that are out of proportion, mechanically locate little factories in every southern village. We have scattered many textile plants around. There is a need to analyze regional capabilities, to face the fact that everyone cannot develop immediately. Under the excessive pressure of the underdevelopment of its south, Serbia, it is thought by some, still does not have this kind of strategy.

The point is that those underdeveloped areas, during the economic and social collapse, are paying a contribution for development of the underdeveloped republics and the Province of Kosovo. The Serbian initiative to obtain relief for its situation in the Fund for the Underdeveloped because of the large burden of its own underdevelopment did encounter political understanding, but it did not yield the expected results. The demands for a more radical change of the model were opposed by both the advanced and the underdeveloped. The former because they were afraid that they would be giving more, and the underdeveloped that they would be getting less.

Taxed Enterprises

For a long time it was said that efficiency would be higher if the funds for development of the underdeveloped were degovernmentalized. Aleksandar Bogunovic says in his study "Regionalni razvoj socijalisticke Jugoslavije i Hrvatske" [Regional Development of Socialist Yugoslavia and Croatia] that in Yugoslavia's postwar development the system for faster development of the economically underdeveloped regions has been entirely based on the activity of sociopolitical communities. Legal instruments collect a portion of the accumulation of associated labor, and through central funds they are channeled into particular institutions of the underdeveloped regions, which distribute these resources further. In this system associated labor sees its obligation to the underdeveloped as a tax burden, but it does not see the economic necessity nor their own interests.

When the money earmarked for the underdeveloped is paid into the four commercial banks of the underdeveloped, it is lost from view, it is no longer possible to establish whether it has been used effectively for the stated purpose. Marko Bulc said 2 years ago that the money for the underdeveloped must no longer be spent to finance investment overruns, salaries, and current liquidity; now that demand is being taken up by others as well. Back between 1976 and 1980 incentives were given for establishment of linkage among production, trade, and banking organizations from the underdeveloped and advanced regions, but the mandatory loan was still retained. A few years ago, against great resistance, the idea began to be realized of having the funds for development, say for Kosovo, go through direct pooling, again more in political than in economic arrangements.

Along with the negative rate of interest, the motivation of economic entities to invest in an economically underdeveloped area has been negatively affected by the administrative meddling, the large number of intermediaries, and the mandatory consent certificates that have to be obtained. This has also blocked the involvement of scientific and research institutions in evaluating the technologies transferred, rights under licenses....

The countries of the European Community have with their joint energies been setting aside immense funds to develop the south of Italy, the source of the unemployed going to the north. Without a great deal of publicity the Slovenes have been studying a similar model which is supposed to show them from what underdeveloped regions in Bosnia-Hercegovina the greatest social pressure (of unemployed) is being exerted on Slovenia.

Are there any hints of changes that can be seen? In opstina structures in the underdeveloped area, Lilic says, the prevailing demand is now for new plants to be parts of large systems that will provide marketing, good production programs, organization, and personnel.

Perhaps economic linkage could still take a bite out of the net of our partialities. It has been repeated many times that money for development has up to now mainly been speeding up regional exclusiveness. In 1970 Kosovo obtained 53.7 percent of its goods from Serbia and other republics, while in 1980 this was less than 40 percent.

Here we see only the consequences of an ideological orientation dating from the seventies, which today has been warmed over, that proclaim elimination of "exploitation" between the republics and provinces. The outflow of capital has not, of course, been prevented, but the market has been partialized and autarky and fragmentation have been intensified, ethnic tension has been intensified, ethnic homogenization is more pronounced, and nationalistic ideologies have been renewed.

Where is the way out?

Although it is difficult to change the relationship between the advanced and the underdeveloped, an analysis based on an individual region, not a federal unit, would reveal the phenomenon of Dalmatia and the Montenegrin coast as a unique example of the successful development of the underdeveloped, Ocic says. The Adriatic Highway in the early fifties and incentives for tourism in the sixties and certainly Yugoslav solidarity following the earthquake in Montenegro have brought results.

Kardelj proposed at one time that there be in the Federation several types of institutions to aid the development of the underdeveloped, and that assistance would not be exclusively financial, but also in the form of science, information, and personnel. There is a proposal now in Belgrade to set up an information system concerning the underdeveloped.

Proposals are being heard to the effect that more use should be made than up to now of foreign experience. In the Common Market and CEMA there are coordinators of regional development at the level of supranational communities. Yugoslavia has no such coordination. The publication "Development of the Economically Underdeveloped Regions in Yugoslavia" says that certain advanced countries have set up the rise of employment as the sole goal of intervention in critical regions, and certain other subsidies are made contingent upon creation of new jobs. The relative relations in the level of employment show that in 1985 Kosovo was at half of the Yugoslav average (52 percent), while Slovenia was in first place with 156 percent. At present, then, Kosovo is at one-third of where Slovenia is, and it is assumed that with its 2.5 million in population it will be difficult to cover the other two-thirds by the end of the millennium.

The Proposals of the Government Commission

The working group for the system of stimulating the faster development of the economically underdeveloped republics and SAP Kosovo within the government Commission for Reform of the Economic System observed this May that unless the problems of effective functioning of the Yugoslav economy are solved, no system for stimulating the faster development of the less developed regions will be able to meet the need of everyone for further development.

The working group proposed that the Federal Fund be replaced by a specialized institution that would do business on the principles of a specialized development bank. Such an institution would use resources to stimulate pooling, would help in the preparation of quality investment programs, would offer technical assistance, would finance education, and would encourage highly professional personnel, and would assume an information, coordinating, and monitoring function.

An amendment has also been proposed to Article 258 of the SFRY Constitution that would prescribe the establishment of such an institution. Italy, France, and other countries finance their underdeveloped regions through banks and specialized institutions. As a rule, budget financing has proved to be effective only as a source of legitimacy for the local bureaucracy.

[Box, pp 22-23]

In the study "Ethnic Equality and Regional Development" Ocic showed that the line dividing the "north" and "south" of Yugoslavia has throughout the entire postwar period placed Slovenia and Croatia in the "north" and the other federal units in the "south." The distance in economic level of development between Slovenia as the most highly advanced and Croatia, which is developed, is greater than the distance between Croatia and Kosovo, which is the least developed.

Vojvodina is the border case; in the years 1960, 1965, and 1970 it was at the Yugoslav average, before that, in the time of requisitioning and the strategic location of industry, in 1950, 1952, and 1953, it was briefly in the "south," but since the seventies it has been in the "north." Bosnia-Hercegovina has been "the most unstable." In 3 decades it has changed places six times: in 1952-1953 it suddenly jumped after industrial plants were set up in this strategic region, but later it fell on the ladder, which means that this germ of development did not provide the anticipated takeoff.

The First 5-Year Plan (1947-1951) designated Bosnia-Hercegovina, Macedonia, and Montenegro as the underdeveloped republics which would receive special assistance. The 5-year plan for the period 1957-1961 included Kosovo, and omitted Bosnia-Hercegovina which was justified by the rationale that per capita investments in that republic exceeded the Yugoslav average. Between 1961 and 1965 the underdeveloped regions were the compact geographic zone embracing all of the people's republics of Macedonia and Montenegro, in Serbia the autonomous region of Kosovo-Metohija and the southern and southwestern parts of that republic, and then the southern and western parts of Bosnia-Hercegovina with the part of the Sava Valley, in Croatia parts of Dalmatia, Lika, and Kordun. This plan represented the first and last time that the existence of underdeveloped areas was acknowledged within the republics that have the status of being advanced.

According to the book of Aleksandar Bogunovic entitled "Regionalni razvoj socijalisticke Jugoslavije i Hrvatske," we see that a large portion of the economically underdeveloped regions of SR Croatia were in the period 1981-1985 actually territory on the list of underdeveloped regions in 1961—from Imotski by way of Sinj and Drnis, with a break near Knin, by way of Benkovac, Gospic, and Otočac to Glina and Kostajnica on one side and Jastrebarsko on the other. Much the same is true if we look at the identity card of the underdeveloped in Serbia.

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